

BE 309E 003
INTERNATIONAL BUSINESS AND MARKETING

**„AN INVESTIGATION INTO THE RISE OF
GLOBACOM TELECOMMUNICATIONS
NIGERIA AS AN INTERNATIONAL COMPANY
AND ITS EMERGENCE AS A MARKET
MULTINATIONAL“**

BY
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STUDENT NUMBER: 292033
CANDIDATE NUMBER: 132

SPRING (MAY), 2011

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MASTER THESIS

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ABSTRACT

The motivation for this research work was driven by the fact that although telecommunications is regarded as the primary sector which drives general infrastructural development in emerging economies, it is acknowledged that the area of research in telecommunications internationalization is still a recent phenomenon.

Globacom Nigeria's internationalization on the African continent was utilized as the object of study. Shortcomings of traditional theories were investigated in terms of fast paced internationalization. A conceptual framework was created from loosely held concepts extracted from the literature review. Qualitative data analysis of the in-depth interviews conducted with 15 respondents in executive and managerial roles, discloses a validation of the constructs in the conceptual framework as factors impacting on Globacom's internationalization strategy.

The conceptual framework which materialized from the findings was found to represent a combined view of the dynamism in which micro(entry mode, entry timing, firm size and entrepreneurial proclivity) and macro(institutional development, culture and country of origin effects) level constructs concurrently influenced Globacom's fast internationalization on the African continent.

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CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

1.1 Background of the study

“We set out to from the onset, to build a network that is not only as good as our competitors but the best. We are determined to be world class, pure and simple. Our vision is to build the biggest and best network in Africa”(Dr. Mike Adenuga Jnr, Globacom C.E.O).

Internationalization is a phenomenon which has been researched extensively for decades and so far, many developments have occurred in the field of the internationalization literature. Some of the theories in the literature are still being discussed today and influences current internationalization research. Other theories have more or less been forgotten. A stream in the international business literature which had a great influence are the behavioral or stage theories. A well known model of this stream is the internationalization process model of Johanson and Vahlne (1977), better known as the Uppsala model. Much of this literature concludes that the internationalization process involves series of incremental ‘stages’ whereby firms gradually become involved in exporting and other forms of international activities. Despite the fact that these stage models were developed three decades ago, and attracted considerable criticism over the years, they still seem to offer useful concepts which can be valuable to understand the internationalization process.

However, in today’s market place the advances in technology and changing economic markets have brought new insights which are also affecting the internationalization processes of the firm. For this reason it is clear that internationalization not always can be identified as a traditional, incremental process anymore (Oviatt & McDougall, 1994). As a result, a new topic in the internationalization literature has arisen in the last decade and focuses on international new ventures (INVs) and/or born-globals which are, by theoretic definition, small start-ups internationalizing at inception or very shortly thereafter (Oviatt & McDougall, 1994; Madsen & Servais, 1997; Knight & Cavusgil, 1996). It is interesting that a large number of studies of the current literature about born-globals are highly connected with high-tech sector and/or firms, thus developing their empirical research specifically in the context of small and medium sized

enterprises (SMEs) with a highly technological base (Oviatt & McDougall, 1994, 1995; Bell, 1995; Coviello & Munro, 1995).

According to Ahmad and Hashim (2007), internationalization is a very important factor in a firm's bid to grow and develop economically and technologically and in order to gain the numerous economic and strategic benefits associated with internationalization, firms would usually have to adopt a strategy of pre-emption, both of markets and partners (Sarkar et al, 1999). In addition, Elango (1998) states that there are a number of theories or explanations which have been provided to enlighten us on why a firm internationalizes its operations; explanations which includes: market power, unique assets and transaction costs have been used to justify the decision by a firm to move into the international markets (Rugman, 1980; Buckley, 1985). Krugman and Obstfeld (2009)'s theory of multinational enterprise expands these views by stating that a firm's penchant to own foreign investment is as a result of ownership, location and internalization benefits, and these views have been supported by a large number of empirical studies carried out in related fields which lay credence to these views (Hymer, 1970; Kindleberger, 1969; Lall, 1980; Rugman, 1980, 1989; Buckley and Casson, 1985; Buckley, 1988).

This research report investigates the factors that have contributed to an emerging market multinational's internationalization process on the African continent using Globacom telecommunications Nigeria as a study. Globacom Nigeria is an international telecommunication company with headquarters in Lagos, Nigeria and with physical presence in 5 African countries as well as roaming presence all over the world

Now, the account of international expansion in the telecommunication industry has been mostly controlled by the Firms in the more advanced western world. The past decade has experienced leading firms from the advanced European markets such as Vodafone, Deutsche Telekom, Telenor, Orange, etc, adapting their domestic experiences and operations into other neighboring countries, before heading further to other countries. A major share of the attention in the telecommunication industry is controlled by mobile markets in the advanced areas of the world (ITU, 2010); therefore this research work would seek to bring to the limelight the level of changes taking place in the telecommunication sector of emerging markets, by investigating an

emerging market multinational company in Africa, which has adapted its domestic experiences and operations into other emerging markets in Africa.

This area of research is also necessary because till date, research on entrepreneurship in Nigeria and Africa as a whole, in internationally referred journals is still on the low side. Nigeria and Africa have one of the largest populations in the world, with the largest untapped markets still existing and with one of the largest sources of natural resources still left grossly undeveloped, but still remains the world's poorest region(Khavul et al,2007).

Also, according to Sakarya, Eckman and Hyllegard(2007), research on traditional market selection fails to account for an emerging market's dynamism and future potential, because its analysis relies on mainly macro-economic and political factors; thus, it is believed that multinational companies in the western world would be more inclined to invest in Nigeria and Africa as a whole, if a successful company's approach to expansion in Africa is investigated and analyzed.

Furthermore, it is a very popular belief that with this research work, firms can learn that in order to increase their profitability, they have to expand internationally; also, but for a few notable exceptions, this research work is done in order to bridge the gap in the academic literature, which has supplied unsatisfactory details concerning the different patterns and procedures for internationalizing a company. The few notable exceptions includes the Uppsala internationalization model and the theory of internalization(Mintzberg, 1989).

Finally, the utilization of the Globacom Nigeria as an object of this study on internationalization in the telecommunication sector would present several benefits. First, the recent occurrence of events would enables us to benefit from the opinions of key players playing a major role in the internationalization process; secondly, the gradual increase in the pace of Globacom's internationalization process, from a slow base to a faster base, calls for a large range of actions to be captured, and thirdly, the pace of its transformation is similar to an accelerated research, and enables us to observe happenings over a short period, while providing control over unconnected factors(adapted from Klein and Wocke,2007).

1.2 Statement of the research problem

It is a known fact that investments in telecommunications is indispensable for rapid and general economic development (Lin, 2008) and according to Kambhato (1998), it has also been described as the motivating force behind all interests in private infrastructure investments in developing countries, but despite all the growing attention associated with infrastructure developments in telecommunication sector of emerging markets, it is acknowledged that there is a problem in the areas of building and testing theories associated with internationalization in the telecommunications sector (Javalgi and Martin, 2007). Also, there is a problem of providing information mechanics associated with having a database, where information on successful internationalizations associated with emerging markets and multinationals can be found and researched upon. It is against these backgrounds that this research work seeks to investigate the rise of Globacom telecommunications Nigeria as an international company and its emergence as a market multinational.

1.3 Objectives of the study

The following serves as the specific objectives of the study:

1. To ascertain how the degree of control has influenced the internationalization process of Globacom Nigeria when entering emerging markets.
2. To examine how the early entry of Globacom Nigeria into the international market affected its chances of success in internationalization.
3. To ascertain how the size of Globacom Nigeria affected its internationalization process.
4. To ascertain how entrepreneurial proclivity affected Globacom Nigeria's internationalization strategies.
5. To examine the effects of institutional development on Globacom Nigeria's internationalization strategies which are utilized within the framework of an emerging market.
6. To ascertain the effects of cultural distance on Globacom Nigeria's internationalization process.

1.4 Research questions

For the purpose of this study, the researcher published some fundamental research questions in order to put this work in proper perspective.

1. Research Question One

How has degree of control influenced the internationalization process of Globacom Nigeria when entering emerging markets?

2. Research Question Two

How has the early entry of Globacom Nigeria into the international market affected its chances of success in internationalization?

3. Research Question three

How has the size of Globacom Nigeria affected its internationalization process?

4. Research Question four

How has entrepreneurial proclivity affected Globacom Nigeria's internationalization strategies ?

5. Research Question five

How has institutional development affected Globacom Nigeria's internationalization strategies which are utilized within the framework of an emerging market?

6. Research Question six

How has cultural distance affected Globacom Nigeria's internationalization process?

1.5 Significance of the Study

This research work will serve as a basis for helping local firms in emerging markets, who intend to expand into the international markets in particular, to know the ways, theories, processes and factors, through which a successful internationalization process can be ensured. Also, this study will go a long way in exposing the Nigerian emerging market to the eyes of the world, as a market where a successful multinational company has emerged from and as a market with unlimited potentials for growth and profitability. Finally, this study seeks to add to the existing international journals on internationalization with a bias for emerging multinationals from emerging markets .

1.6 Research scope and Delimitation of the study.

The scope of this research report is restricted towards the investigation of the rise of Globacom Nigeria, as an international company and its emergence as a market multinational. This study is restricted to the headquarters of the company in Lagos, Nigeria, in which a sample size consisting of 15 current executive board members of Globacom group and senior officials in its headquarters in Lagos, Nigeria were selected for this research work. These individuals were spotted by utilizing newspaper reports, internet based articles, internally generated published documents and investor reports. This research work would be limited to the principles, theories and factors of internationalization utilized by the company.

1.7 Definition of terms

Emerging market multinational

According to Yeung(1994), Emerging market multinational is defined in the context of this study, as any domestic enterprise with its headquarters in developing countries, which controls assets and influences the decision making process of one or more cross-border subsidiaries or affiliates and it is known as “third world multinationals”.

Emerging markets

The term “Emerging markets” has been utilized in place of other terms such as “Third world Countries”, ”Less developed countries”, and it is used to highlight a country’s sources of cheap

raw materials and labor, as an alternative to their markets(Arnold and Quelch,1998). Emerging markets according the framework of this research report is defined as a term, which seeks to identify Countries that have adopted a transition in their political and economic system, and are also experiencing rapid Economic development(Fan, 2008).

Internationalization

The term, ‘internationalization’ in business, is when a firm has permanent operations in two or more countries with business that cross national borders(Bradley,2005 cited in Fayerweather,1982).

Entrepreneurship

The term, ‘Entrepreneurship’ is refers to innovative-owner managers who create some new product or service, or suggest a better way of using existing product or services(Megginson et. al., 1985).

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Various literatures on internationalization were reviewed in order to ascertain the philosophies which dominated internationalization theories. The theoretical foundations of Firm internationalization as well as the conceptual foundations of internationalization strategies are discussed in this chapter in order to have a solid foundation on the topic of internationalization. recent schools of thoughts on internationalization and internationalization which are related to mobile telecommunication service suppliers and telecommunication Foreign Direct Investment(FDI) formed the main focus of this literature review. The literature review was also expanded in order to create a theoretical background for investigating the research problem which was introduced in chapter 1 and also, how it was performed using the emerging markets of Africa, Asia and latin America as the main context.

The analysis of the international expansion of firms requires studying all areas of internationalization which includes individual investment/entry decisions and its strategic and process features, such as the rate of internationalization, the progression of market commitment as revealed through the size of investments and the tactical choice of deciding would be markets and partners(Sarkar et al., 1999). The main aim of this review is to establish the factors which are vital to influencing the internationalization of telecommunication firms within the context of an emerging market.

2.2 Theoretical Foundations of Firm Internationalization

The definition of ‘internationalization’ according to Welch and Luostarinen(1988) is the process of business activities across home country borders with an increasing degree in operations; While the term ‘international business activity’ implies the exchange of resources across national borders (Fayerweather, 1978), the ‘internationalization process’ is traditionally perceived as the consequence of incremental adjustments to changing conditions within the firm and its environment (Aharoni, 1966). Most significantly, Perlmutter (1969) already then acknowledged the conjunction of internationalization and attitudinal development within the firm, indicating the impact of the company expansion across borders on an organization.

Besides defining the term internationalization, the first part of this literature review aims at exploring possible explanations for internationalization behavior and antecedents of internationalization in the Net Economy. Net economy is referred to as the research context in which this telecommunications internationalization occurs and it is defined as the information and communication technology inventions and advances which triggered the transformation of the world economy from the agricultural to the manufacturing and service economy, to today's information or network economy (Aggarwal, 1999; Hitt et al., 1998; Kollman, 2007). In the following, the basic concepts of internationalization strategies are described in chapter 2.3.

2.3 Conceptual foundations of internationalization strategies

The purpose of this section is to investigate the features of internationalization strategies. To that end, first, aspects pertaining to the market entry decision are discussed, i.e. the evaluation and selection of a foreign market, and, second, the question of how the market is entered is determined, i.e. the market entry strategies.

The entire internationalization process of a firm is predicated on the assumption that a strategy is first formulated and then pursued. Thus, the will to engage in an international business activity already exists and this precedes a strategy-finding process. Chandler (1962, p. 13) defines strategy as "(...) the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals." Hofer and Schendel (1978, p. 4) further define strategy as the activity of best bringing the basic company attributes and its environment together. And, Aharoni (1966, p. 294), along the same lines, delineates internationalization strategy as a compilation of objectives, policies and plans for achieving goals in a foreign market. Each firm willing to internationalize selects certain strategic options in accordance with its objectives. These options are then evaluated with the maxim of acquiring new competitive advantages and securing existing advantages (Szyperski and Winand, 1980, p. 81). Other terms employed for internationalization strategy in the literature are 'export strategy' (Aspelund and Moen, 2001) or 'exporting strategy' (Miesenbock, 1988), and 'international business strategy' (Daniels, 1983), all of which are synonymous with the frequently used terms 'international expansion' (Mascarenhas, 1986) and 'international diversification' (Geringer and Costa, 1989). One main difference between an international and a domestic strategy is that the management of the firm must in a first instance,

when formulating the strategy, decide on how the foreign market will be entered. This entails a two-step procedure: First, a firm must select a market (chapter 2.3.1), and, in a second step (2.3.2), formulate a strategy for the appropriate form of market entry. In chapter 2.3.3 a synopsis of the insights will take place and be linked to empirical evidence of E-Venture international market entry.

2.3.1 International Market Selection

The market selection decision involves choosing the appropriate market for cross-border activities. Depending on the internationalization strategy, this can imply the selection of one market or multiple markets that are to be entered at the same time. However, bearing this in mind, the following statements refer to a single market.

Before addressing the different types of market entry strategies in the next chapter, two central dimensions play a role in foreign market evaluation in the international business literature: (1) The opportunities that are associated with entering the foreign market, and (2) the risks linked to entering the foreign market (Doole and Lowe, 2000; Young et al., 1989, p. 26).

Opportunities pending across domestic market borders are indicated by the attractiveness of the market. Market attractiveness is determined by the economic potential for the firm in the new market. Indicators for economic potential in a foreign market are multidimensional (Hill, 1996, pp. 58-60) consisting of cost-related, internal firm factors and market-related criteria (Backhaus et al., 2005, pp. 82-84). Cost-related factors are, for example, using surplus productive capacity to generate revenues in the foreign market, thus increasing the overall company surplus, or increasing productive capacity by producing for a foreign market, thus decreasing the costs per unit (Dienst, 2003). Other cost related factors are, for example, lower labor or raw material costs in the foreign market leading to production cost advantages (Backhaus et al., 2005, p. 82). Opportunities arising for the firm itself when internationalizing include an increase in innovation and performance (Dienst, 2003; Herr, 2007), through increased know-how in multiple markets, increased in-house experience in management, production, and marketing but also knowledge transfer in the foreign market. Market-related criteria adhere to the primary goal of maintaining or establishing a new market, by the transfer of the competitive advantage into the new market.

Due to different industry-life-cycles and economic-cycles the firm can diversify risks by subsequently proceeding into different markets at different points in time.

However, opportunities are also associated with risks. Miller (1992) and Brouters (1995) present three groups of risks; (a) firm-specific risks (b) industry risks and (c) general environmental risks. Contrary to firm-specific and industry risks, general environmental risks are risks which apply to all firms independent of competition, for example, the political and environmental instability.

Firm specific risks are predominantly cost-related factors: Low labor costs associated to production cost advantages may increase competition of labor within the firm and induce long-term lay-offs in the home-country production sites or headquarters. Other risks associated with international operations as stated by Dienst (2003) are risk of investment, e.g. the start-up costs for market entry if a distribution system in the foreign country is necessary or the risk of high coordination. Due to different demand structures in individual countries, firms need to diversify their product scope, which, in turn, increases the demand on resources and different technological standards. In sum, there is a risk of increased organizational complexity. The duration of the internationalization commitment can also be seen as a risk: There may be a time lag between the high investment in and the cash-flow from the foreign operation. Furthermore, foreign operations may imply a long-term commitment, with the corresponding long-term need of company resources and cash-flows until the market position and objectives are reached. Primarily, this may be attributed to cultural divergence and need of market knowledge.

Industry risks, according to Backhaus (2005), mainly embody market entry barriers. Market entry barriers are “all conditions which need to be fulfilled in order to enter and operate effectively in a country market” (Backhaus et al., 2005, p. 84). There are natural market entry barriers, which stem from existing structural conditions in the market. And there are strategic market entry barriers, which are established by competitors to defer the entry of new firms. These barriers are in the form of pricing advantages: Established firms can raise their prices above the competitive pricing level in the foreign market, due to low costs through synergy effects (Bain, 1956). Bain (1956) refers to price differences for a specific product in different country markets as an indicator for the level of market barriers. There is a pricing latitude for the established players as long as the market barriers prevent new entrants from competing in a

specific market. If the new entrants manage to enter the market with low costs and a lower price, then the market barrier and the competitive advantage of the established players will be overcome.

Another industry risk is that of substitution in the foreign market: What is the competitive landscape like? Can the direct competitors satisfy the same demand more cheaply and with better quality? Furthermore, an internationalizing firm is exposed to market-related behavioral risks. The consumers might be prejudiced towards foreign products or certain countries and therefore have low acceptance for the products. Dichtl et al. (1983) state that the openness of consumers is significant for the acceptance of a new market entrant and the impact on the success of the market entry. Economic risks are exchange rate risks that stem from volatile exchange rates, payment transfer risks, risks of inflation and, in addition, transport and storage risks. This not only includes risks of theft and damage during distribution and storage but also of decay or loss of value in the process of reaching the customer- in most cases without compensation.

Finally, there are general environmental risks, or country risks, with which a firm active in the international arena is confronted (Backhaus et al., 2005; Brouthers, 1995, p. 9 et seq.): These risks are not directly economic but have consequences for the financial profitability of a firm. In summary, it is significant to point out that the market selection process is based on an information gathering process, leading to the evaluation of risks and opportunities. Brouthers (1995) states that it is mandatory to holistically evaluate all risks in connection with international business activities, criticizing past research efforts maintaining a focus on one single risk group. Wood and Robertson (2000) analyzed the importance of market information needed to make a market entry decision. Managers stated the information of market potential to be of most value. This included the dimensions of market demand, purchasing ability, product or service adaptation costs, the nature and degree of internal and external competition (Wood and Robertson, 2000, p.48): “Do the products or services adequately fulfill the needs and demands of my customers?” Legal concerns, like the ubiquity of tariff and non tariff barriers, intellectual property rights, laws regarding agent contracts and also travel requirements, were second-ranked, followed by political considerations such as the political stability, diplomatic relations and internal political policies. Ranked subordinately, information pertaining to infrastructure, i.e. the

nature and extend to physical distribution and communication infrastructure, were ranked as fourth in importance(Wood and Robertson, 2000)

Interestingly, economic indicators like the growth in GDP, consumption trends, level of reserve currency, education, use of modern technologies and availability of natural resources were considered fifth in importance. Information relating to the country culture was ranked as least important(Wood and Robertson,2000)

2.3.2 International Market Entry Strategies

The decision for a market entry strategy consists not just a trade-off of different chances but also risks. In this chapter the basic forms of market entry strategies found in the literature will first be discussed, followed by synthesis of the dimensions applied to all the strategies. This chapter will conclude with the significance of the factor speed, an underlying determinant germane to all the strategies. When formulating an internationalization strategy, interdependencies within a firm call for the effective coordination of market entry decisions: Can the firm manage and control its activities in the current and prospective markets? For this purpose there are numerous options for market entry. The major market entry forms being (Backhaus et al., 2005, p. 821; Contractor, 1990; Jeannet and Hennessey, 1998, pp. 307-330):

- Indirect exporting
- Direct exporting,
- Licensing,
- Contract manufacturing,
- Joint ventures,
- Strategic alliances and
- Foreign direct investment (FDI) in the form of founding a new subsidiary or acquiring one in the foreign country.

Indirect exporting: The initial contact with customers proceeds through a legally and economically autonomous third party in the form of an export trader, export agency or export co-operative (Bradley, 1991, p. 290). Characteristically, these parties are situated in the foreign country. These cooperation partners serve the main purpose for the firm, which needs a prolonged arm with market and country knowledge to engage in the international business activity (Bradley, 1991).

On the one hand, export traders introduce the products into the foreign country under their own label, while, on the other hand, export agencies are autonomous in their operations but distribute the products under the producer's name, in addition, the rights to the brand name and the associated risks remain with the internationalizing firm (Backhaus et al., 2005, p. 122). Another alternative to indirect exporting for an expanding firm is to join an export co-operative, which is a network of exporting firms, whose central administrative organ exports in the brand names of the members or under its own name (Backhaus et al.).

The main advantages of indirect exporting for a firm are primarily the limited resource commitment and risks attributed to the intervening intermediaries, who are involved in the foreign operations. This is also attributed to low organizational and management complexity. Petersen et al. (2000) highlights the easy reversibility and high flexibility of indirect exporting activities: A firm can end or switch to another form of foreign commitment at a fast rate and with a very limited loss of funds. However, the problems of the indirect exporting modes are, above all, the lack of direct contact with the customers, meaning that the firm has a lack of precise knowledge of, for example, market data because it has not had enough learning experiences. Moreover, the organization has a limited knowledge of customer acceptance of its products at its disposal including customer needs and behaviors and may therefore neglect improvements or leave potentials unexploited (Kutschker and Schmid, 2004, p. 830).

Direct exporting: Direct exporting firms, initiated and processed by the firm itself without intermediaries, are differentiated by the effect of FDI (Backhaus et al., 2005, p.123). Direct export without FDI customers in the foreign country are reached either directly by the firm itself or by a foreign importer who bought and is reselling the firm's products, also the main difference to indirect exporting is the complete transfer of risk and rights to the importer when the products are bought and then the products are distributed without any adaptations, and moreover, under

the name of the manufacturer(Backhaus et al., 2005). Direct exports with FDI, on the other hand, proceed via representative offices, branch offices or sales agencies; also in representative offices employees are appointed to 'represent the company' locally in the foreign country in order to gain insights into the market and maintain industry and country relations(Backhaus et al., 2005).

Furthermore, representatives not only serve the purpose of preparing and supervising the exports but of further development in the country market, for example, by acquiring new customers for the preparation of other internationalization strategies, like contacts to potential joint venture partners(Backhaus et al., 2005). Since representative offices are generally small- with few employees- the required investment is limited; branch offices are similar to representative offices, the main difference being the transfer of higher decision-making authorities from the parent firm to the branch office; contrary to representative offices and branch offices, sales agencies provide considerable services on site; such as maintenance and additional follow-up (post-buy, post-acquisition) services, to the foreign customers. Therefore, this form of direct export requires a high level of FDI(Backhaus et al., 2005).

The primary advantages of direct exporting for a firm are the possibilities associated with the direct contact to the market and customers: i.e. gaining insight into the country market and the relevant industry networks to establish further contacts; all of this, while still keeping the resource commitment and costs limited, is due to production in the home country and in fact, the entire value chain, with the exception of the distribution, is generally allocated in the home country; therefore, the consequences of terminating a direct exporting commitment are still limited(Backhaus et al., 2005). Nonetheless, the disadvantages of direct exporting are the increased exchange risks, which are a result of the unshared risk aspects of indirect exporting and in addition to the acceptance problems in indirect exporting, the need to establish an organizational entity for exporting in the parent company or in foreign company prevails; thus, this requires an increased resource commitment and establishment period(Backhaus et al., 2005).

Licensing: According to Bradley F.(2005, p. 243), licensing provides a useful vehicle for the internationalization of small firms that might not have the capital or foreign experience to establish a joint venture or a wholly owned subsidiary abroad and it arises when a firm provides for a fee or royalty, technology needed by another firm to operate a business in a foreign market.

According to Bradley F.(2005, p. 243), licensing of this form involves one or a combination of the following:

- A brand name
- Operations expertise
- Manufacturing process technology
- Access to patents
- Trade secrets

The licensor firm gains access to a foreign market with very low investment and frequently obtains the investment and market knowledge of a competent local firm (Bradley F.,2005,p. 243).

International licensing may be a preferred strategy in some circumstances, it may be attractive in situations where: host countries restricts imports or foreign direct investment; the foreign market is small and the prospects of technology feedbacks are high(Bradley F.,2005,p.243). License agreements generally fall into two categories: a current technology license that gives the licensee access to the technology which the licensor possesses at the time of the agreement; and a current and future technology license that gives access to existing technology and technology yet to be developed by the licensor in a specified product area during the life of the agreement(Bradley F.,2005,p.243).

Furthermore, Bradley F.(2005,p.243), also states that license agreements vary depending on circumstances but normally contain aspects of a technical, commercial and organizational nature in addition to the patented technology being transferred. In summary there are several advantages and disadvantages in using licenses to enter international markets in table 2.3.1 on the next page.

Table 2.3.2a Advantages and Disadvantages of licensing in international markets

Advantages	Disadvantages
Access to difficult markets.	Disclosure of accumulated competitive knowledge and experience
Low capital risk and low commitment of resources.	Creates possible future competitors
Information on product performance and competitor activities in different markets at little cost.	Lack of control over licensee operations
Improved delivery and service levels in local markets.	Passive interaction with the market
	Possible exclusion of some export markets.

Source: Bradley F.(2005,p.244)

Contract manufacturing: According to Bradley F.(2005,p.243), the key stages in the business system often involves contract manufacturing; contract manufacturing is less about reducing costs than about getting products to market quickly. Contract manufacturing is refers to as a form of outsourcing used by firms that seek other firms to provide elements of the value added chain more cheaply than can be done within the firm itself(Bradley F.,2005,p.161). Now, according to Bradley F.(2005,p.59), flexibility helps firms to cope with technological change and because market leaders can suddenly fall from favor, contracting out manufacturing becomes less risky than building new factories; for instance, the extreme form of such behavior is the virtual electronic firm Cisco systems which makes Internet routing equipment, although the firm is the market leader, it has only three plants, for its high technology equipments and prototypes while the contract manufacturers makes everything else.

Joint Venture: According to Kutschker and Schmid(2004,p.862), the expanding firm engages in a joint venture with a foreign company; the distinguishing characteristic hereby is that usually a new enterprise consisting of the joint venture partners is established; two or more partners, from the same or different industry (vertical or horizontal joint venture) may be engaged in a joint venture commitment.

Contractor and Lorange(1988,pp. 7-24) states that the advantages of a joint venture are first found in the speed of market entry; in contrast to the time needed to export or produce per contract when a joint venture is named, using the already established position of the partner in the country, the operations may, in the best case, begin instantly; also, the firm may profit from the image of the partner, or vice versa, gaining a reputation boost in the foreign market activities from the already established name of the partner and also, the duration of a joint venture is most likely limited- however usually middle to long-term. In China, joint ventures with a local partner are the only possibility for a foreign company to enter the market due to government regulations (Contractor and Lorange, 1988, pp. 7-24).

According to Chowdhury(1992,pp.120-124), the disadvantages of joint ventures are often underestimated- apart from the coordination difficulties- cultural differences possibly leading to inefficient and slow decision-making procedures and increasing costs; the biggest cost factor is foreign managers on site. The risk of a joint venture ending prematurely is higher than other market entry forms and the literature mentions examples of difficulties measuring the performance of joint ventures (Chowdhury, 1992, pp. 120-124).

Strategic alliances: According to Bradley F.(2005,p.240), strategic alliances allow firms to procure assets and capabilities that are not readily available in competitive factor markets. Also, a joint venture to gain access to complex technological or product development capabilities is an example as are tangible assets, such as reputation or brands(Oliver,1997,p.707 cited in Bradley F.,2005,p.240).

Bradley F.(2005,p.240) states that global alliances as a mode of international market allows:

- The firm access to assets not readily available in the market;
- Access to technology, products and markets;

- Synergistic effects in the partner firms by combining technological and marketing advantages accruing to both.

Furthermore, Bradley F.(2005,p.241) states that firms may form an alliance to compete in international markets based on the exchange of a range of assets. Now, Bradley F.(2005,p.241) states that the basis for a strategic alliance usually involves a combination of the following assets:

- Product market-knowledge;
- Access to markets and distribution;
- Products and process know-how;
- Production capacity;
- Unique management resources.

All these are assets possessed by some firms and sought by others, thereby giving rise to the possibility of a strategic alliance. The strategic alliance may take many forms, it may range from a simple contractual agreement to cross-distribute products to production agreements where the production stages of a product are shared(Bradley F.,2005,p.242). The various forms of strategic alliance represent a continuum of increasing commitment to the partnership. The commitment in marketing agreements may refer to one product market for a limited period, whereas joint venture agreements usually involve the commitment of financial, managerial and technological resources for a considerable number of time, usually years(Bradley F.,2005,p.242). Frequently, partners in a strategic alliance emphasize the scale economics and reduction in new product development and marketing costs that can result from a partnership(Bradley F.,2005,p.242).

Nonetheless, apart from decisions on the market entry strategy, an internationalization strategy also encompasses other dimensions which have to be considered: These influencing factors form the foundation for the strategy decisions described in this chapter and sum up the criteria used by the management to make decisions. However, in each individual case, the management has to analyze their relevance and estimate their significance (Kutschker and Schmid, 2004, p. 904). To

sum up, a number of criteria considered and evaluated when formulating market entry strategies are illustrated in Table 2 (Kutschker and Schmid, 2004, p. 905).

Table 2.3.2b: Examples of decision-making criteria for internationalization strategies

Scope of value chain activities	Legal constraints
Mode of resource transfer	Time scope
Scope of resource transfer	Risks
Amortization of resource involvement	Reversing the decision
Flexibility	Control possibilities
Economies of scope	Economies of scale
Speed of market entry	Revenue potential
Acceptance in the foreign country	Support from the domestic country

Source: Kutschker and Schmid, 2004, p. 905

The market entry forms described above vary depending on the degree of company involvement in the foreign market operations. In sum, the strategies chosen and pursued by internationalizing firms are mainly determined by three determinants- the geographic and cultural distance, value creation activities and degree of integration in the foreign country. And the degree is measured in terms of geographic scope of operations and commitment of resources.

Geographic scope entails the number and diversity of countries and markets (Cavusgil, 1984a), while the commitment of resources refers to the assets involved in a foreign operation that cannot otherwise be deployed without losing value (Brush, 1995, p. xxviii). The resources committed can be social, financial, physical or human assets (Aharoni, 1966) and can vary from high to low. For example, the number of employees dispatched to work abroad and the percentage of goods sold abroad is high if a company chooses to enter a market by founding a subsidiary. At the same time, if the market entry form of a joint venture is chosen, the resources committed, such as the number of employees but also the financial resources dedicated to the

joint research and development in the foreign market or joint production is, in comparison limited (Brush, 1995, p. xxviii).

These influencing factors in turn indicate the number of markets processed, cultural divergence from the home country and product dimensions such as the number and complexity of the products and services delivered in the foreign country (cf. Bamberger and Evers, 1997, p. 118). These factors determine the market entry strategies.

Foreign Direct Investment(FDI): According to Bradley F.(2005,p.269), foreign direct investment is refers to the establishment of a new venture abroad and the management and effective control of the enterprise; usually, there is a heavy financial commitment involved. More important, perhaps is the transfer of technology, management skills, production processes, manufacturing and marketing, and other resources(Bradley F.2005,p.271).

Also, the firm that invests abroad transmits equity capital, entrepreneurship, technology or other productive knowledge in the context of an industry-specific package; in most investments abroad where the firm replicates what it does well in one market, the importance of some unique asset or competitive advantage in the firm is recognized in another; it maybe a potential invention or a differentiated product which is in demand in the target market(Bradley F.2005,p.271).

2.4 Market Expansion and Internationalization issues

Internationalization issues is said to rank as one of the most talked about areas in international business and global marketing(Anwar,2003). Furthermore, it is a very popular belief that firms can increase their profitability by expanding internationally. But for a few notable exceptions, academic literature has supplied unsatisfactory details concerning the different patterns and procedures for internationalizing a company. The few notable exceptions includes the Uppsala internationalization model, the theory of internalization and the eclectic theory(Mintzberg, 1989).

2.4.1 The Uppsala internationalization model

The Uppsala internationalization model which establishes its theoretical base by adopting the behavioral theory of the firm (Cyert and March, 1963) and Penrose's (1959) theory of the growth of the Firm, signifies that firms display an evolutionary procedure, where their internationalization activities go through a sequence of evolutionary stages (Johanson and Vahlne, 1990). This model identifies different stages which occur during the process of a firm's internationalization by adopting the empirical research of the internationalization process of 4 Swedish firms.

It is believed that firms execute their internationalization plans through exportation by targeting firms that are psychologically nearby and then through assurance, amassing of business knowledge and possession of international experience, firms invest greater amount of resources and began to target Countries that are far away "psychically". This Model highlights the need to acquire the knowledge and experience of the features of foreign markets which are on the internationalization path, which leads to a reduced level of ambiguity and confusion inherent in foreign markets before investing (Ahmed and Hashim, 2007).

2.4.2 Internalization theory

Internalization theory's origin can be traced back to Ronald Coase (1937), who stated that there are situations in which it is more resourceful for a firm to establish an internal market rather than enter foreign ones; one of the situations includes the cost of transaction in foreign activities. According to internalization theory researchers, market failures which include information costs, opportunism and asset specification are the main reasons that motivate a Multinational Enterprise (MNE) to use direct investment rather than licensing. Foreign Direct Investment takes place when the advantages are more than the costs of Internalization (Fina and Rugman, 1996).

According to Axin and Mathyssen (2002), Internalization theory views MNEs as representing an alternative mechanism for organizing economically profitable activities across national boundaries; this is important because of market imperfections such as government intervention or buyer uncertainty and finally, this theory shares some roots with transaction cost theory which

it moved its attention from using hierarchy to organize economic activity in foreign markets to forecasting when and whether contracts are efficient or not.

2.4.3 Eclectic Theory

According to Axinn and Matthyssens(2002), this theory was formulated by Dunning(1977,1979,1988) and it was studied because it integrated roots and elements from internalization theory, transaction cost theory and Industrial organization theory to enlighten us on why firms invest and produces abroad.

Finally, according to this theory, a firm's decision to participate in Foreign Direct Investment depends on the interaction of 3 variables which includes: ownership-specific advantages, Internalization advantages and location attractiveness of countries.

2.4.4 Criticisms of the Uppsala Internationalization Model

According to Zander(1994), the Uppsala model has gone through several criticisms, he stated that some firms mainly those with a lot of resources do not compulsorily fulfill any consistent pattern during the process of internationalization; invariably, firms can by-pass stages and transfer learning from one market to another.

Furthermore, according to Oviatt and McDougall(1994), a theory proposed by them, known as "The Born global theory", further augments the arguments against the stages process. This theory propagates the view that increasing global competition and increasing development in technology are now compelling firms to internationalize more quickly, without compulsorily going through an incremental process. These firms, theoretically are international or born global from the onset. The Uppsala model as regards its incremental and progressive approach is viewed as being too deterministic and path dependent and does not accept the role of other firm profile factors, such as the path breaking strategic choices of internationally oriented Entrepreneurs and Managers that leads to an increased speed in internationalization(Weerawardena, Mort, Liesch and Knight,2007).

Hirsch and Meshulach(1991) further argued that in explaining the internationalization process, the Uppsala model centers more on the internal resources of the firm(Knowledge of the market

and experience from the foreign activities). In addition, the Uppsala model completely overlooks other factors such as capabilities of the market and conditions for competition(Ahmad and Hashim, 2007).

Both the Uppsala model and the internalization theoretical postulations integrates the spatial aspects of foreign activities by adopting the psychic distance concept, although in numerous diverse approaches. While, in the internalization theory, psychic distance increases organization costs and uncertainty, which affects the choice of structure in governance. The internationalization model argues that firms would initially enter and invest resources to markets in countries with related economic, cultural, social and political systems; consequently, firms expands into countries with greater psychic distance. Both of these theories have been criticized for neglecting matters concerned with investment timing(Sarkar et al., 1999). Furthermore, according to Axinn and Matthyssens(2002), the context of psychic distances and cultural proximity is not easy to maintain in the light of an accelerating culturally homogenous world.

Finally, theories which rely on economic theory as a foundation underrates the significant positions taken by managers in making decisions on internationalization; In today's global world, where there are flatter hierarchies, business unit structures and more elastic inter-firm relationships, managers play an increasingly significant position in the establishment of firms internationalization strategies(Axinn and Matthyssens,2002).

2.5 A conceptual framework as a research guide

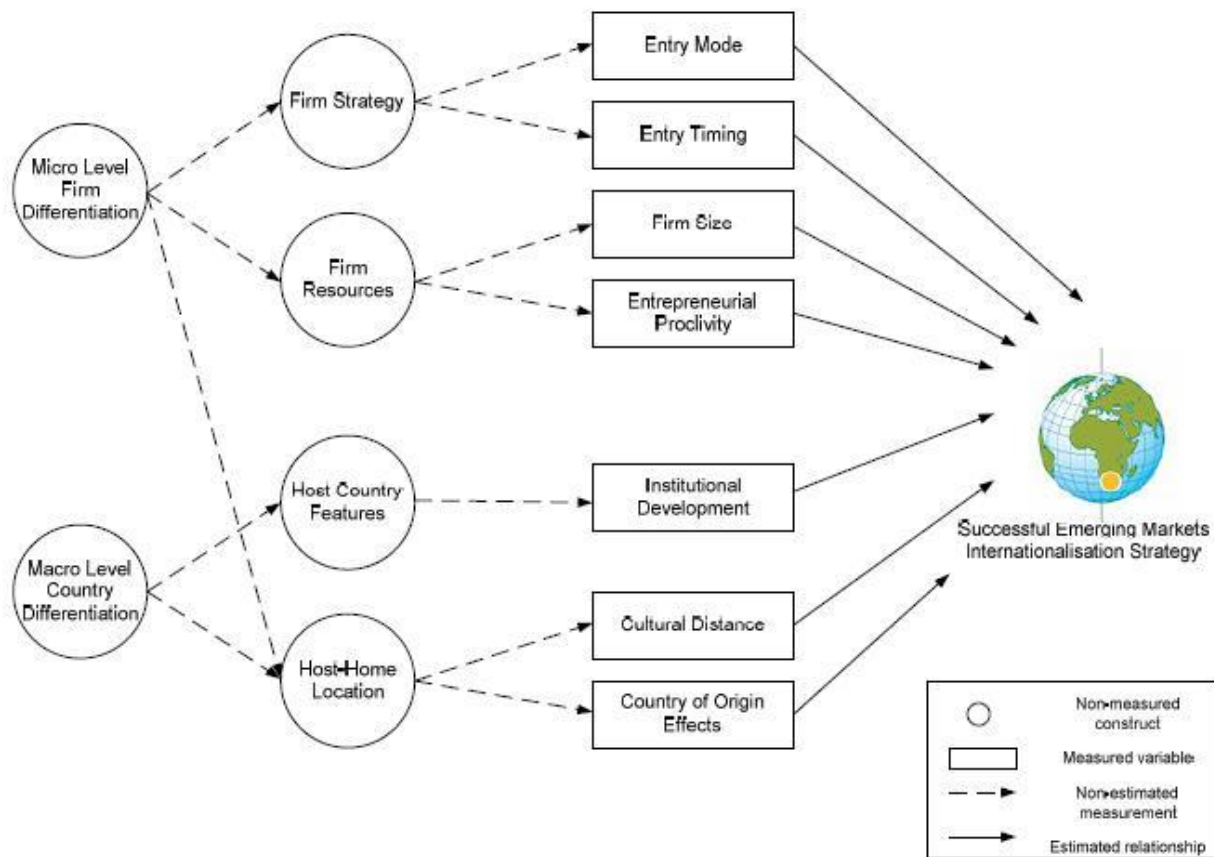
Despite the avalanche of criticisms(Dunning and Rugman, 1985;Anderson, 1993;Ohmae,1989), these theoretical bodies have made significant contributions to the development of international business research. However, international expansion in the area of telecommunication is relatively a recent phenomenon and has largely received very little interest. Now, there have been a lot of questions which have cropped up on if existing frameworks need to be supplemented, so that contextual eccentricities are overtly integrated into sector-specific theories(Sarkar et al., 1999) cited in Bohlin and Granstrand(1994).

Now, there is a cogent need to initiate a conceptual frame work in order to facilitate a better comprehension of the key variables which influences the tempo of telecommunication firms' internationalization in emerging economies, which is due to the lack of research on

internationalization of telecommunication firms and the divergent opinions concerning the relevance of existing theories. The proposed framework(Figure 2.5) was chosen by utilizing the existing framework adopted in the literature written by Johnson and Tellis(2008) which is connected with the rapid internationalization of emerging market multinationals in the telecommunication sector; the suggested framework(Figure 2.5) is meant to be indicative and can further be altered and tested empirically. It integrates a variety of situations that might affect and give reasons concerning a firm's decisions on internationalization, actions and dynamic approaches(Jones and Coviello, 2005).

The important variables of a model of fast internationalization of firms in emerging economies are directed by micro level(firm differentiation forces) and macro level(environment/country differentiation forces) (Javalgi and Martin, 2007). Despite some arguments by some analysts that multinational telecommunication firms are increasingly sovereign and disconnected from macro level restrictions(Ramamurti,2001;Loveridge and Mueller,1990), the above mentioned micro and macro level variables were chosen because it is a known fact that MNCs in responsive telecommunication infrastructure industries are still subject to the vagaries and pressures of the governments of the host countries(Wells and Gleason,1994), thereby causing the analysis of the of the variables related to the host government and investing firm to be equally important(Doh and Teegan,2003). In other words, these variables and not other variables are the best for this framework because they are variables which are directly connected with the micro and macro level environments of an emerging market multinational company such as Globacom Nigeria. The conceptual framework(Figure 2.5) is shown overleaf:

Figure 2.5: The conceptual framework connected with the rapid internationalization of emerging market multinationals in the telecommunications sector.



Source: Author Adaptation of Johnson and Tellis(2008)

The conceptual framework is initiated as a guiding template in an effort to explain the distinctive behaviors which stimulates the speedy internationalization of emerging market multinationals in the telecommunication sector. A review of the existing literature on the conceptual framework is conducted below:

2.5.1 Micro-level forces

a. Entry mode

According to Slangen and Hennart(2007), there are several different entry modes through which internationalizing firms can penetrate into foreign countries and they include contractual modes such as direct exports and licensing, to equity modes such as greenfield joint ventures(JVs) and

full acquisitions. Additionally, the response of a firm to challenges inherent in entering a new country and marketing its products successfully is determined by the mode of entry (Gillespie, Jeannet and Heennessy, 2007).

Furthermore an expansion into the transaction cost/internalization theory argues that the choice made by a multinational enterprise between greenfields joint ventures and acquisitions is dependent on an assessment of the costs associated with utilizing or acquiring immediate inputs through these 2 foreign establishment modes (Slangen and Hennart, 2007). Multinational enterprises might decide to utilize or acquire the entrenched technological knowledge which is normally implicit and therefore expensive to trade through the market and with the possession of this kind of knowledge, there is a probability that multinational enterprises may want to utilize it abroad in order to achieve economies of scale in production (Hennart, 1982). The transaction cost associated with exploiting such knowledge through Greenfield joint venture are generally less than those linked with exploiting it through acquisitions, because greenfields aid multinational enterprises in establishing their technologies from the onset and to transfer the consequent skills to a cautiously selected workforce able and enthusiastic about taking them in (Hennart and Park, 1993).

According to Arnold (2004), the above view is sustained by resource based theories, which places the firm's chances of increased success on the degree of foreign control, as the firm can set up key resources that are vital to success. Furthermore, it allows the practice of internal operational control which is vital for a firm's success in emerging markets and it also enables a firm to control key corresponding resources which are necessary in ensuring a firm's success in any country.

b. Entry Timing

During the 1990s, there were arguments by the international entrepreneurship researchers concerning the view that internationalization was portrayed as a gradual process that is revealed during the course of time (McDougall, Shane and Oviatt, 1994). A contradictory view was that entrepreneurial firms that initiated internationalization earlier in their lives would surpass those that internationalized later, since entrepreneurial firms would not suffer from structural

inertia(Hannan and Freeman,1977, 1984), Dominant logic(Bettis and Prahalad,1995) and cognitive blinders(Walsh,1985,1955).

Furthermore according to Johnson and Tellis(2008), a firm's success and failure in the international market is determined by its early entry, timing and he points out that early entry has so many advantages and disadvantages. The advantages includes the ability of the early entrants to restrict access to key resources, such as distribution channels and suppliers; secondly, being an early entrant enables them to set the pathway of consumer preference; Thirdly, early entrants are allowed to be the first to utilize governmental concessions and incentives; on the other hand, according to Golder and Tellis(1993) states that early entrants are occasionally not the winners in the market during the long term, due to several reasons which includes Firms rushing to newly opened emerging markets, while late entrants have a flatter learning curve because they can learn from early entrants' mistakes.

c. Firm size

Johnson and Tellis(2008) states that literature is not undivided about the function of firm size on international expansion; for instance, some researchers claim that firm size helps, while others claim that it is harmful. There have been several motives given on why larger firms might be more successful than the smaller ones. First, larger firms are more likely to acquire a greater range of product and market specific knowledge than the smaller ones.

Secondly, larger firms have a higher ability to sustain periods of negative business performance on entry into a host country than smaller firms and thirdly, larger firms have more access to more resources, both material and financial than smaller firms. On the other hand, in cases where larger firms usually go through a high degree of "redtapism", which usually obstructs their inventive abilities, smaller firms are usually less rigid, largely unbureaucratic and thus they enjoy a lot of internal conditions that provides conducive environment for innovation to thrive; also the flexibility of young and agile firms increases their chances of transforming a product and process innovations into business activities that encourages a higher business performance(Knight and Cavusgil,2004).

Finally, Arnold and Quelch(1998) states that for small and young firms, who are knowledgeable about the significance of international competition and customers, emerging markets are seen as

a better way of being a “Born Global”, because of the high growth rates, less developed brand preference, more fragmented industry structures and less severe competition..

d. Entrepreneurial Proclivity

Entrepreneurial proclivity is refers to as the firm’s predisposition to engage in entrepreneurial process, practices and decision making, characterized by its organizational culture for innovativeness, risk taking and proactiveness (Zhou, 2007). These 3 elements of a firm’s entrepreneurial proclivity positively simplifies the process of making a firm being able and willing to participate in market learning activities(Zhou,2007). In addition, entrepreneurial proclivity provides international firms with self motivated capabilities to participate in international business and trade activities(Zhou, 2007) cited in Toyne(1989).

In recent times, there have been a sizeable amount of research inputs on the specified drivers of a firm focused on internationalization on the level of entrepreneurial assumptions amidst the stakeholders involved in the internationalization strategy of the firm. A positive relationship existing between entrepreneur’s international development has being disclosed to be the outcome of the study(Zucchella, Palamara and Denicolai, 2007 citing Ibeh and Young,2001; Westhead et al.,2001).

According to Perlmutter(1969,p.11),it is believed that “the more we infiltrate into the living reality of international firms, the more we find it compulsory to attach serious considerations to the way executives imagine the ways through which business is conducted around the world. Finally, according to Weerawardena et al.(2007), rapid internationalization is believed to be stimulated by Entrepreneurial managers and owners whose mindsets are globalised, as these kind of mindsets enables them to fin and utilize market opportunities internationally.

2.5.2 Macro level forces

According to Perez-Bates and Eden(2008), right through the 1990’s and till now, emerging economies in the whole world liberalized, deregulated and privatized their domestic markets

which led to fundamental and far reaching institutional changes for emerging market firms. Emerging markets are beneficial due to some reasons which includes:

- The developing and transition economies(emerging markets), have attracted half of global foreign direct investments inflows in 2010, which amounts 1.2 trillion US dollars in 2010 and is expected to rise further to 1.3-1.5 trillion Dollars in 2011 and then head towards 1.6-2trillion US dollars in 2012 (world investment report,2010); all this figures proves that the strength of the emerging market economies is still increasing.
- Firms with stronger international and global status, have better abilities to attract new customers relatively faster in new markets(Nakata and Sivakumar,1997).

a Country Risk

Country risk is defined as when the environment is uncertain and it has 3 sources: financial, risks, economic and political risks(Johnson and Tellis,2008) cited in Erb et al.(1995). Financial and economic risks is visible in several forms which includes recessions, currency crisis, unexpected occurrence of inflation(Johnson and Tellis, 2008), while the political risks is visible in dangers of civil disorder, harsh government policies, limitation in funding, restricted changes in patent and trademark protection and regulation(Nakata and Sivakumar, 1997).

b Openness

According to Johnson and Tellis(2008), openness is referred to as a situation when there is no regulatory framework and any other impediment to the entry of foreign firms in an international market; furthermore, the ability of global intermediaries to effectively operate in a country's economy depends on how open the economy is. Market liberalization in combination with trade agreements and privatization aspires to improve economic efficiency through the removal of market imperfection caused by restrictive and harsh government policies.

Finally, in recent times and in increasing rates, more countries are opening up their territories to international trade, external financial transactions, technology transfer and foreign investment in ways never experienced before.(Nakata and Sivakumar,1997).

c. Cultural Distance

According to Wang and Schenn(2008), culture is refers to as a kind of collective programming of the mind that differentiates the members of one human group from another and also, it is usually shared by people from the same country. Therefore, cultural distance is defined as a degree to which the shared values in one country are unique to those in another country and it has an influence on the choice of an multinational enterprise's establishment mode; in addition, the term "cultural distance" is used by several studies as an extended version of the transaction cost/Internalization theory(Slangen and Hennart, 2007) cited in Hofstede(2001).

Furthermore, there would hardly be any increase in cost attached to the issues of transferring practices to Greenfield joint ventures subsidiaries, because the multinational enterprises can provide those subsidiaries with new employees, who are beginners to any practice and thus are open to taking in those of the multinational enterprise(Slangen and Hennart,2007) cited in Hofstede(2001).

Finally, citing Cho and Padmanabhan(1995) and Larimo(2003), the analysis of cultural distance is concluded by stating that there should be an increase in the preference of multinational enterprises to Greenfield joint ventures over acquisitions, due to the cultural distance to the target country.

d. Country of origin effects

The industry conditions in a home country has a key influence on the process of internationalization and this is due to several factors, which includes the fact that the concept of comparative advantage established in the 19th century which shows that some countries have higher productivity and efficiency in comparism to other countries and whose tenets were published further by Porter(1990), in his work on the competitive advantage of nations where it was revealed on how the conditions of an industry in a home country can influence the competitive success or failure of firms in the international market based on the value of 4 factors which includes factor endowments, conditions of demand, firm strategy/ rivalry and related/supporting industries; Secondly, every international company, no matter the level or degree of its internationalization, all started from the domestic and local market(Elango and Sethi,2007).

Furthermore, according to Sethi and Elango(1999), there are some factors which influences the competitive conduct amongst firms operating in the international market, which includes country of origin, resources of a firm and industry structure. The country of origin factor endows firms originating from them with a different set of factor endowments, cultural attributes and socio-political infrastructure, which avails them with distinctive competitive advantages when weighed against firms originating in countries which are less tolerable in those aspects. This blend of factors is what is known as country of origin effect and it stimulates the displays of different behaviors by multinational companies while making strategic choices and formulating their modes of operations.

2.8 Conclusion

A critical analysis of the literature review performed above has underscored the point that well set up theories on internationalization have failed to account for the speedy rate of internationalization in telecommunication firms from emerging markets. Furthermore, despite the fact that internationalization processes of companies dealing with high level of technologies are unique amongst themselves, they all still feel very eager to internationalize(Axinn and Matthyssens,2002) cited in Crick and Jones(2000).

Therefore, all internationalization models have to be formulated and modified to stimulate the enthusiasm in which the entrepreneurial factors, internal factors and external factors simultaneously affects a firm's internationalization blueprint and processes. Finally, investing in emerging markets, requires an entry strategy structure in which firms must strive to be informed about a whole continent and not just a single country or industry and also, they must develop strategies which would overcome the institutional lapses present in emerging or developing markets.

CHAPTER 3: AN OVERVIEW OF TELECOMMUNICATIONS SECTOR AND INDUSTRY IN AFRICA AND NIGERIA

3.1 Introduction

In this chapter, a review of the telecommunications sector and industry in Africa and Nigeria will be conducted; also the background of the object of this research study, Globacom telecommunications Nigeria will also be examined. Here issues such as their backgrounds, regulatory issues, challenges, opportunities connected with the telecommunications sector and industry in Africa and Nigeria will be discussed in full details.

3.2.1 Telecommunications sector in Africa

African nations are currently in the process of modernizing and privatizing their telecommunications sectors, which for the most part lag behind the rest of the world; also, despite recent technological change and economic growth, access to telecommunications in Africa is still limited; as in most developing regions, telephone lines are concentrated in the cities, with only limited access for rural areas; the poor quality of infrastructure compared to other developing countries means that the scope for telecommunications development in Africa is immense.

(www.warrington.ufl.edu/purc/purcdocs/papers/0112_Berg_Institutions_and_Telecommunications.pdf)

Currently, the sector is predominantly state-owned, but some governments have embarked on reform programs, most of which involve two elements: gradual commercialization by separating operational management from government ministries and the transfer of responsibility for regulation away from government ministries to independent agencies. Privatization options being considered include public offers for sale to financial institutions, sale to private investors and employees, private sale to strategic investors, or divestiture and management contracts with foreign operators. Often privatization ventures are with operators with whom the countries have some historical connection. South Africa and Mauritius have led the way by issuing white papers outlining their liberalization processes.

(www.warrington.ufl.edu/purc/purcdocs/papers/0112_Berg_Institutions_and_Telecommunications.pdf)

The change occurring in the region is often obscured by factors such as political constraints, which limit a government's desire or ability to make policy commitments that would promote sector development (Mustapha et al. 1997). Analysts argue that special attention must be given to establishing stable and independent regulatory agencies that promote credibility for investors, legitimacy for consumers, and result in more efficient sector performance (Kerf and Smith 1996). The creation of suitable regulatory systems is important because the success of the restructuring process will depend heavily on the credibility and consistency of reform.

www.warrington.ufl.edu/purc/purcdocs/papers/0112_Berg_Institutions_and_Telecommunications.pdf

3.2.2 Regulatory issues concerned with the telecommunication sector in Africa

The success of telecommunications development in Africa, as elsewhere, depends on the willingness and ability of governments to provide regulatory and legislative environments that promote development of telecommunications infrastructure and service offerings. Most African leaders realize the importance of regulatory reform, and countries that have not yet undertaken reforms are planning to do so in the near future. Politicians are becoming aware that shifting the burden of infrastructure management and investment to private firms can be beneficial, in terms of increased efficiency in this sector and also with respect to the possibility of securing additional private investments in other economic sectors of the economy.

www.warrington.ufl.edu/purc/purcdocs/papers/0112_Berg_Institutions_and_Telecommunications.pdf

Many regulatory agencies in Africa are still connected to a government ministry and have no real autonomy or power because the ministry often maintains the authority to appoint members and issue directives. Policy must move toward greater autonomy of the agencies if private investors are to be attracted. Independence of the regulator is required to ensure that short-term political objectives or pressure do not influence policies. This will be challenging for countries where politics have so much influence on everyday life. Because infrastructure development is so important, governments are reluctant to relinquish control. Zimbabwe, for example, although committing to some degree of privatization, distrusts foreign operators and has not committed to allowing them.

www.warrington.ufl.edu/purc/purcdocs/papers/0112_Berg_Institutions_and_Telecommunications.pdf

However, governments need not give up control; they need only to subject private entities to strict regulation of prices and service quality. Discretion has to be strict and specific enough to maintain agreed quality, but broad enough not to discourage efficient and effective participation. Investors are aware of the potential for governments to interfere and therefore require sound and credible guarantees against the expropriation or destruction of property during civil or political strife, and against bureaucratic hold-ups that negatively affect profitability.

www.warrington.ufl.edu/purc/purcdocs/papers/0112_Berg_Institutions_and_Telecommunications.pdf

3.2.3 Challenges connected with the telecommunications sector in Africa

Africa is currently one of the most troubled areas in the world. It faces many problems with diseases, environmental decline, poverty and internal conflicts. Often these conflicts are politically motivated. Political conflicts throughout the 1980s and '90s created instability and are at least partially responsible for the relatively slow development in telecom infrastructure in the region.

warrington.ufl.edu/purc/purcdocs/papers/0112_Berg_Institutions_and_Telecommunications.pdf

Furthermore, the large external debt of some countries also slows development. In addition, there are often conflicts between political and economic motivations, leading to indecision and delay. Public uncertainty increases perceived risk, raising the cost of capital and limiting private investment. Instability in certain countries is another factor. In Rwanda, for instance, civil war decimated the telecommunications sector. High risk provides a disincentive to potential private investors and managers of government firms (since high performance is beyond their control)

warrington.ufl.edu/purc/purcdocs/papers/0112_Berg_Institutions_and_Telecommunications.pdf

3.2.4 Opportunities connected with the telecommunications sector in Africa

Africa presents great opportunities in the telecom sector. The liberalization of the sector, the extension of services by multinational conglomerates and the active competition currently in place in the sector have all contributed to the telecom revolution; since the processes of liberalization and privatization have been taken into consideration by African countries such as Uganda, Tanzania, Nigeria, the Sudan, South Africa and Kenya, their telecommunication infrastructures have improved drastically; also, many African governments have developed their telecommunication infrastructure by privatizing their former state-owned enterprise. As a result

of all these developments, the telecom sector in the African sector has opened up new vistas of business opportunities. Africa has been the fastest-growing mobile market in the world during the past five years. There are now more than 82 million mobile users in Africa: Nigeria's mobile market is growing at over 100% per year. Mobile telephony has a positive and significant impact on economic growth, and this impact may be twice as large in developing countries as in developed countries.

www.africa-business.com/features/telecom_africa.html).

That mobile phone use is growing faster in Africa than anywhere else shouldn't come as much of a surprise, given a moment's thought. Only 6 per cent of African citizens owned a mobile phone in 2004, so as prices drop (and low-cost phones made for the developing world come to market), there's a huge potential market available. In Asia, North America and Europe, conversely, mobile phone use approaches saturation, so any remaining growth will be far slower.

www.africa-business.com/features/telecom_africa.html).

3.3 Telecommunications industry in Nigeria

According to PRLog free press release(2010),Nigeria is one of the biggest and fastest growing telecom markets in Africa, attracting huge amounts of foreign investment, and is yet standing at relatively low levels of market penetration; also, far reaching liberalization has led to hundreds of companies providing virtually all kinds of telecom and value-added services in an independently regulated market; also, Nigeria has overtaken South Africa to become the continent's largest mobile market with now over 75 million subscribers, and yet market penetration stands at only around 50% in early 2010.

However, PRLog free press release(2010) also states that subscriber growth slowed significantly during 2009, partly as a result of the global economic crisis. Much of the remaining addressable market is in the country's rural areas where network rollouts and operations are expensive. This, in combination with declining Average Revenue Per User(A.R.P.U) levels is forcing the networks to streamline their operations and to develop new revenue streams from services such as 3G mobile broadband, mobile payments/banking, and others. At the same time the operators are rolling out national fiber backbone networks to support the ever increasing demand for bandwidth(PRLogfreepressrelease,2010).

Nigeria is also the most competitive fixed-line market in Africa, featuring a second national operator (SNO, Globacom) and over 80 other companies licensed to provide fixed telephony services. The alternative carriers combined, now provide over 95% of all fixed connections, the majority of which has been implemented using wireless technologies. This gives the network operators the opportunity to also enter the lucrative mobile market under a new unified licensing regime and has helped them to secure hundreds of millions of US\$ in investments from local and foreign investors(PRLog free press release,2010).

Nitel's monopoly on international fiber bandwidth via the SAT-3/WASC submarine cable system ended in 2009 when Globacom's Glo-1 cable landed in the country. Additional submarine cables are scheduled to go online in 2010 and 2011. This is set to revolutionize the country's underdeveloped Internet and broadband sector by reducing the cost of international bandwidth by up to 90%. New powerful players from the fixed-wireless and mobile network operator camps have entered this market with 3G mobile and advanced wireless broadband services such as WiMAX. The IP-based next generation networks currently being rolled out are enabling converged voice, data/Internet and video services. VoIP is already carrying the bulk of Nigeria's international voice traffic. Applications such as e-commerce, online banking and e-payments, e-health, e-learning and e-government are rapidly evolving(PRLog free press release,2010).

3.3.1 Introducing Globacom telecommunications Nigeria limited

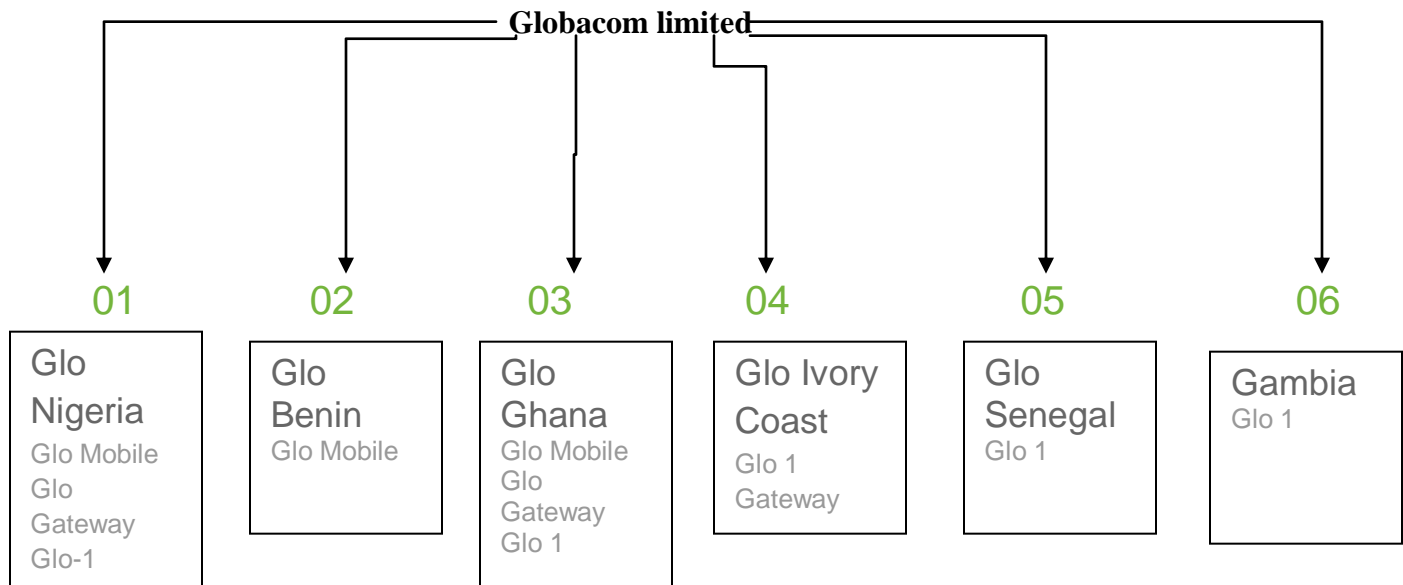
Globacom is a Nigerian multinational telecommunications company headquartered in Lagos, Nigeria. GLO is a privately owned telecommunications carrier that started operations on 29th of August 2003. It currently operates in 4 countries in West Africa namely Nigeria, Republic of Benin, Ghana and Ivory Coast. As of June 2009, the company has employed more than 2,500 people worldwide. Also, Globacom is Africa's fastest growing telecommunications company. Owned by the Mike Adenuga Group, Globacom is the market leading mobile service provider in Nigeria. It has a reputation as one of the fastest growing mobile service providers in the world(www.gloworld.com).

As a company, Globacom recently made history as the first single company to build an \$800 million high capacity fiber-optic cable, known as Glo-1. It is the first successful submarine cable from the United Kingdom to Nigeria; and it will decrease telecom process and provide excess bandwidth to all the cities connected to the cable. This historical initiative will also improve

teleconferencing, distance learning, disaster recovery and telemedicine among several other benefits(www.gloworld.com).

As part of giving back to the communities in which it operates, Globacom Nigeria sponsors the national football teams and the premier leagues in Nigeria and Ghana. In 2010, Globacom sponsored the African Handball tournament in Benin Republic as well as the biggest cultural festival (FITHEB) held in the Benin republic. Globacom has also sponsored the annual confederation of African Football (CAF) Awards since 2005. Finally, apart from aiming to be the most socially responsible citizen in all its host countries, Globacom aims to be recognized as the biggest and best mobile network in Africa(www.gloworld.com)

Figure: 3.3.1 Globacom limited company structure



Source: http://gloworld.com/company_structure.asp

3.3.2: Regulatory issues concerned with the telecommunications industry in Nigeria

The Nigerian telecommunications industry is monitored and regulated by a government body known as the Nigerian communications commission(NCC). This market which has moved from zero to hero in just under three years and which is now considered a leading opportunity for both telecom operators and equipment suppliers in the world is highly deregulated by the Nigerian Communications Commission(NCC), which has licensed a wide variety of telecoms operators(<http://www.africaanalysis.co.za/NigeriaTelecomsWhitePaper.pdf>).

Furthermore, Nigeria has opted for an approach of “extensive cost distribution” to deregulate the telecoms market. This has led to the licensing of dozens of smaller operators as a tool to rapidly meet market demand. Although successful in meeting some of this demand, the end result is a highly fragmented market which is very complex to understand and difficult to regulate(<http://www.africaanalysis.co.za/NigeriaTelecomsWhitePaper.pdf>)

Now, NCC’s five year plan is a well thought out plan but its application will require extensive regulatory resources that the NCC is yet to acquire. As experience in developed markets has shown regulating such a diverse and competitive market will certainly tax NCC’s abilities. Unless NCC plan to invest in resources, this plan will remain in many ways just that - a well defined plan(<http://www.africaanalysis.co.za/NigeriaTelecomsWhitePaper.pdf>)

In addition, the telecoms industry in Nigeria will however never be without political interference; such interference can increase in the future as the money generated by specifically the cellular operators becomes more apparent. Finally, all existing policies and regulations are under review with the purpose of removing unnecessary constraints and barriers, but at the same time ensuring that Nigerian and regional development goals and objectives are not compromised(<http://www.africaanalysis.co.za/NigeriaTelecomsWhitePaper.pdf>).

3.3.3: The challenges faced by the telecommunications industry in Nigeria

Top on the list of the challenges of the Nigerian telecom industry is the paradox of high charges in the midst of Nigeria’s large scale economies. It is common economics that the larger the market, the lesser the unit fixed cost. However this economic logic has not been tenable in the Nigerian telecoms industry. Notwithstanding the large market, our tariffs remain among the highest even after providing for exchange rate differentials.

(<http://nigeriancommentaries.blogspot.com/2011/02/tackling-challenges-in.html>)

Again, poor voice quality and frequency of drop calls have been the bane of telecoms services in the country. The networks experience frequent congestion at peak periods especially in the major cities. These failures combine to reduce customers’ satisfaction and make them unable to receive value for money. (<http://nigeriancommentaries.blogspot.com/2011/02/tackling-challenges-in.html>)

The issue of telecoms operators going into unregistered lottery promotions has also recently become topical. In the run up to the last world cup tournament in South Africa, many GSM operators abused the business relationship between them and their customers by soliciting for one lottery promo or the other; there would have been nothing wrong with this practice if not that these promos were hardly registered with the national lottery commission and were sent as sms messages in such a way that they invaded the privacy and sensibilities of the prospects. (<http://nigeriancommentaries.blogspot.com/2011/02/tackling-challenges-in.html>). Other urgent matters in need of attention by the telecoms regulatory authority include the attainment of number portability which will make the acquisition of multiple phones and subscription to different networks unnecessary, as well as poor electric power supply. (<http://nigeriancommentaries.blogspot.com/2011/02/tackling-challenges-in.html>).

3.3.4 Opportunities connected with the telecommunications industry in Nigeria

"Investment Opportunities in Nigeria 2010" a report by 'Technology Strategies International' states that "With the mobile subscriber penetration potential being more than 100 percent, there is ample room for growth in the market. National backbone coverage is limited and, in keeping with the government's Vision 2020 initiative, there are plans underway to extend the backbone, which will provide additional opportunities for investors".

(http://www.businessdayonline.com/ARCHIVE/index.php?option=com_content&view=article&id=10690:big-opportunities-in-nigerias-telecom-sector-report-&catid=77:telecoms&Itemid=531)

Another area of opportunity for investors in Nigeria, the report states, is in the provision of fixed and fixed wireless lines. It observes that the total number of fixed lines (including fixed wireless access) was as paltry 1.4 million at the end of 2009 and that the failed sale of the Nigerian Telecommunications Limited (NITEL), the state-owned fixed line operator, resulted in the loss of 90 percent of its subscribers. "The Nigerian government is once again looking for a private sector partner to take control of the troubled Nitel. And while, overall, fixed wireless access has grown, there is a great deal of volatility amongst the fourteen licensed operators".

(http://www.businessdayonline.com/ARCHIVE/index.php?option=com_content&view=article&id=10690:big-opportunities-in-nigerias-telecom-sector-report-&catid=77:telecoms&Itemid=531)

Also, the report observes that Nigeria is one of Africa's largest markets, with a population exceeding 150 million people and that it has enjoyed a GDP growth rate averaging more than 6 percent per year over the past eight years. "The telecommunications market is fully liberalized, with competition allowed in virtually all segments and there is a unified licensing regime in place, which allows operators to offer converged services. "There are more than 70 million mobile subscribers in Nigeria and it has the largest mobile subscriber base in Africa". It also states that the Nigerian government has established a number investment promotion initiatives whereby it will provide funding support to investors that address certain types of investments, most notably those aimed at providing broadband access to specific stakeholder groups or communities. (http://www.businessdayonline.com/ARCHIVE/index.php?option=com_content&view=article&id=10690:big-opportunities-in-nigerias-telecom-sector-report-&catid=77:telecoms&Itemid=531).

"The government is also actively promoting electronics manufacturing in Nigeria on the basis that Nigerian ICT markets are big enough to support local manufacture. Nigeria thus offers a wide range of investment opportunities in a rapidly growing market. The possibility of exceeding 100 percent mobile penetration is likely based on the fact that while the country currently has over 78.5 million active lines, over 90 percent of these are mobile, while a huge but yet unknown number consists of people holding multiple lines

(http://www.businessdayonline.com/ARCHIVE/index.php?option=com_content&view=article&id=10690:big-opportunities-in-nigerias-telecom-sector-report-&catid=77:telecoms&Itemid=531)

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

This chapter analyzes the methodology which underlies this study and provides the theoretical basis for the chosen research strategy and methods. First, the philosophical position of research will be examined by presenting the obtainable philosophical positions and then the one to which the paper is connected to is argued for and described in more detail. Next part is dedicated to research design and strategy and depicts in details the descriptive case study research. Further, when the research methods are presented the aim is to characterize the secondary data and primary data collection stages, in particular the interviews, and data analysis stage of the research. Finally, the credibility of the research is argued for and the summary of the chapter is given.

4.2 Philosophical position

This part of the work is dedicated to the discussion of the philosophical position which forms the foundation of this research and describes how the knowledge is acquired. According to Johnson(2003), Epistemology is the study of the criteria by which people can understand what does and does not constitute warranted, or scientific, knowledge; it also provides some foundation for scientific knowledge: a methodological and theoretical beginning located in normative standards that enable the evaluation of knowledge by specifying what is permissible and hence divides the warranted belief from the unwarranted, the rational from the irrational, the scientific from pseudoscience.

The acceptance of a particular epistemology usually leads the researcher to adopt methods that are characteristic of that position(Easterby-Smith et al, 2008); consequently, the epistemology is connected closely to *the methodology of the study*, which is in general —the combination of techniques used to enquire into a specific situation (Easterby-Smith et. al, 2008).The philosophical view, or position, about the nature of reality will thus identify in which light‘ the problem is viewed upon and how it is addressed, it also determines how the scientific research will be organized and what approaches to the question will be used during the investigation.

First and foremost, it is important to describe the existing philosophical positions, and this work will in particular concentrate on three of them, between which the main debates today take place, namely they are positivism, relativism and social constructionism. According to Ritchie(2003), *Positivism* is one of the main epistemological stances, which states that it is possible to carry out independent, objective, and value free social research, and that the researcher should be independent, detached from the researched object. This is the view that social science procedures should mirror, as near as possible, those of the natural sciences. The aims of positivist research are to offer explanations leading to control and predictability (Blaxter, 2006). Although there are many varieties of positivism (see Johnson, 2003), it prescribes a method of investigation which looks for cause-effect relationship (Brewerton, 2001).

Secondly, constructionism gives the assumption that reality is constructed and cannot be fathomed out or explained with direct reference to universal laws (Brewerton, 2001) and interprets the social world as culturally derived and historically situated (Blaxter, 2006). Hence, the scientists operating in this tradition have their interests on meanings, interpretations and on understanding why people have different experiences (Easterby-Smith et al, 2008),

Thirdly, the relativist position is described as laying somewhere in between the two contrasting views, the positivistic and constructionist. Like positivism, it assumes that there is a reality which exists independently of the observer (Easterby-Smith et al, 2008) and the regular patterns do exist in the human behaviour, but they are very hard to identify and to explain. So relativists see it necessary to adopt multiple methods of research and survey viewpoints and experiences of large samples of individuals in order to provide an accurate indication of the underlying situation (Easterby-Smith et al, 2008).

Furthermore, most of the literature in the field of scientific research emphasizes two research methodologies: quantitative and qualitative. The term ‘methodology’, as it was mentioned above, is closely connected with epistemology, so quantitative and qualitative methods are usually related to the specific philosophical positions. For instance, quantitative approaches that usually use numerical data, statistics and experiments are seen as classic examples of positivist position (Blaxter, 2006). On the other hand, qualitative research, which is concerned with —collecting and analyzing information in as many forms, chiefly non-numeric, as possible, and tends to focus on exploring, in as much detail as possible, smaller numbers of examples which are seen as being interesting or illuminating, and aims to achieve depth’ rather than breadth(Blaxter, 2006), is usually associated with the constructivist philosophy. So the qualitative research is usually subjective, closer to observed situation and process-oriented, concerned with understanding behavior from actors’ own frames and assumes that reality is dynamic and changing; while quantitative methods seek for objectivity, explore the facts and causes of social phenomena by controlled measurements and assume that reality is stable(Easterby-smith et al.,2008).

The methods which underlies this research are very close to the constructionist perspective; since in order to answer the research questions there is a need to get closer to the data and understand the process from the point of view of the people who work within the field. The researched question enables us to examine and understand the rich experience of the practitioners in the field. Finally, As it has been stated, qualitative research is normally linked with the constructionist approach, thus collecting rich data through the interviews will concentrate on how individuals’ perceive their experiences, on their views on the internationalization process of the company and personal judgments and forecasts. These only can be reached through getting the reliable and honest answers during the interviews. Moreover, the research question expects to investigate the internationalization process of the company and its emergence as an emerging market multinational, to study the internationalization strategies within the organization and examine the judgments of the personnel who had roles to play in the process.

4.3 Research design and strategy

According to Easterby-smith et al.,(2008), a research design is a statement, which explains and justifies what data needs to be gathered, how and where the data should come from, it also indicates how the data will be analyzed and answer the questions of the research. Firstly, the most general classification of researches should be given and at this point it is important to adopt the typology from Gummesson (2000), since it seems to be the most comprehensive and agreed upon, so he specifies three types of research: explorative, descriptive and causal. In addition, each of these types is described and the one or combination that is connected to the study is identified.

Explorative studies are applicable when the aim of the researcher is to explore the development of a new set of principles for which any culture, phenomena can be explored in a new light in order to discover the nature of a problem. (Easterby-smith et al.,2008)

Causal studies seek to establish causal relationships between two or more variables and to explain the cause-and-effect the relationships between the variables. Causal studies can be facilitated by statistical methods, correlation tests, random sampling and uses statistical generalization. (Saunders et al., 2000)

Descriptive studies aim to show the scope of the problem, process, profiles of persons, events or situations in a precise and detailed way. The main issue in this type of research is one of the completeness of the information derived, and which will depend largely on the amount of trust the informant has for the researcher; and the analysis of data will depend on the ability of the researcher to interpret and understand the meaning of gathered information (Brewerton, 2001), therefore it is necessary that the researcher has the picture of the problem before data collection.

This research is going to be descriptive and seeks to investigate the internationalization process of Globacom Nigeria and its emergence as an emerging market multinational, as well as the factors, strategies, theoretical and conceptual frameworks which influenced its internationalization process. Furthermore, the study also has some explorative features because it can be utilized in areas that have few theories or are generally lacking in areas of knowledge(Hussey and Hussey,1997); in addition, this research is founded on a detailed and in-depth study, and its objectives are:

- To ascertain how the degree of control has influenced the internationalization process of Globacom Nigeria when entering emerging markets.
- To examine how the early entry of Globacom Nigeria into the international market affected its chances of success in internationalization.
- To ascertain how the size of Globacom Nigeria affected its internationalization process.
- To ascertain how entrepreneurial proclivity affected Globacom Nigeria's internationalization strategies.
- To examine the effects of institutional development on Globacom Nigeria's internationalization strategies which are utilized within the framework of an emerging market.
- To ascertain the effects of cultural distance on Globacom Nigeria's internationalization process.

In order to adapt to the stated philosophical position and to conduct a qualitative research, the strategy and design of the research should be formulated. There are lots of methodologies associated with different epistemological positions (Easterby-Smith, 2008), and constructionist position is not exempted. For instance, Collis and Hussey (2003) list different research approaches which form the strategy responding to with this position. As it was already mentioned, qualitative methods concentrate on the situational constraints and seek to collect and explore the data in variety of forms, usually in non-numeric, in order to investigate the situations in every possible detail and get a deep understanding of the underlying processes. As there is a large variety of possible strategies corresponding with the constructionist position (for instance, action research, ethnography, case study research) and the aim of deciding on the research strategy is not to describe all of them, but to provide evidence for and adopt the choice of one particular strategy; hence, case study research strategy will be argued for in this paper.

4.4 Case study research

There are plenty of definitions provided by the research literature on the area of case study, but one of the most complete definitions was made by Yin (2002) and is stated as follows: a case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. So the case study looks in-depth on the particular situation or process over a fixed time in the 'here-and-now'.

This method can be designed in the ways consistent with any of the philosophical positions (positivism, relativism and constructionism); The case study may be designed as single or multiple one and this will actually depend on the research question and how much the researcher wants to generalize from the his/her study, and also on the philosophical perspectives that underlie the study(Easterby-smith et. al,2008).

Since, this research is generally tilted towards solving research problems within the constructivism paradigms, rather than the positivist paradigm(Perry,2001cited in Perry et al 1998a), I will stop more narrowly on the qualitative approach to case studies and thus will focus on the in-depth investigation in a single case, rather than work with large number of cases. As Brewerton and Millward (2001) states that the data yielded from such research design can be rich and enlightening and may provide new leads or raise questions that otherwise might never have been asked and provide the source for new hypothesis and for further analysis in the area. They also point out that as case studies builds on actual practices and experiences of people, they can provide insights to practices and to describe events in detail (Brewerton and Millward, 2001). This what I look for in my research, so it becomes obvious that a single case study is the most appropriate research strategy for this work.

But it is important that the researcher, undertaking such study, should realize that generalizations from case studies must be handled with care. To serve as a foundation for generalizations, case studies should be related to a theoretical framework, which in turn may be amended as case study results provide new evidence. The generalizability' of case studies can be increased by strategic selection of critical cases (Mikkelsen, 2005).

The process of internationalization is largely influenced by the industry and market situation the company operates in, therefore it becomes very hard to generalize and to find one particular answer on how these processes are being practiced; consequently, it seems logical to study the problem effectively by adopting only one company as a case study and to describe the process in every possible detail. Making the study of several companies' practices may destroy and confuse the results of the research, because in the frames of the research questions it is impossible to make a comparison between different firms, as each of them will have very unique features applicable only for its practices and market position.

The goal was to find a company which can become a good example for the studied process and help to uncover the best practices in the area, while deeply emphasizing the emerging markets perspective of the study; In this regards, it should be quite a small sized telecommunication firm with a stable history of growth and development, which has being able to expand its operations beyond its own territory at a fast pace. Along with these, it should also be a company, to which it is possible to get an easy access, as regards collection of data and all information related to the firm's internationalization process.

Consequently, taking into the account these criteria and after the investigation into optional variants of companies, to which the study might address, the Nigerian company was found that will suite the research, and as it was mentioned previously this is Globacom telecommunication Nigeria. It is one of Nigeria's leading service provider and the first multinational company founded by a Nigerian citizen(www.gloworld.com). Moreover, as my objective was finding a company which has successfully internationalized its business operations, Globacom telecommunications Nigeria was the perfect object for my research; since in this company, it is possible to get the internal information and also to organize interviews in a more free, flexible and informal way.

4.5 Motivation for selected Methodology

The case study methodology is appropriate due to the great magnitude and intricacies involved in Globacom's internationalization process in Africa which has demanded a cogent need for a devoted attention and rigorous study to comprehend the factors which has influenced it's internationalization. According to Yin(1994), if the existing knowledge base of a phenomenon

or area of study is poor, then it is suitable to utilize the exploratory case studies which should be founded on primary data . According to Hutchinson et al.(2007) cited in the works of Gummesson(2000), it is stated that in order to gather, analyze and interpret Data holistically, it is essential to adopt the qualitative approach and that understanding it effectively well is very beneficial to a research that examines the issues involved with managerial decision making in an organization.

4.6 Unit of Analysis

A Unit of Analysis is referred to as a type of case, whose data is collected and analyzed, whose variables or phenomena is being investigated, as well as to which a research problem is referred to and also, it is also defined as an entity that forms the basis of any sample(Hussey and Hussey,1998;Easterby-Smith,2008).Furthermore, Easterby-smith(2008) also states that samples may be formed from one or more of the following: countries, cultures, races, industrial sectors, organizations, departments, families, groups, individuals, incidents, stories etc.

Now, in positivist and relativist forms of research, it is important to be clear about the unit of analysis in advance, because this is the basis for collating data, which will subsequently be analyzed; while in constructionist forms of research, especially case studies, it is also critical because of the potential problem which arises from the complexity of qualitative data(Easterby-smith,2008). Consequently, this case research has the internationalization process of Globacom Nigeria on the African continent as its unit of Analysis.

4.7 Population of Relevance

According to Easterby-Smith et al.(2008), population is defined as the whole of entities that decisions relate to, and also according to Zikmund(2003), a population is also refers to as a complete group of entities sharing some common set of characteristics. The population of relevance for this research work is referred to all the stakeholders that are directly involved in Globacom's Africa expansion and who are actively involved in key decision making processes of the organization. These stakeholders include executive officials, engineers, legal advisors, consultants, investment analysts and facilitators.

4.8 Sampling method and Sampling size

According to Easterby-Smith et al.(2008),samples are normally drawn from the population and it is refers to as the subset of those entities from which evidence is gathered. Furthermore, Easterby-Smith et al.(2008) states that there are two basic principles that underlie decisions about sampling design: representativeness and precision. Representativeness in sampling is used to identify the accuracy of conclusions drawn from a sample, verifying whether it has the same characteristics as the population from which it is drawn, while precision in sampling is about how credible a sample is, for instance, opinion polls conducted before the elections in UK as well as in many other countries, use samples that are very much smaller than the population of registered voters, but that small sample size would be used to identify the accuracy of conclusions drawn from a sample (Easterby-Smith et al.(2008). Now the sampling size of this research work which is 15 respondents were chosen by utilizing the principle of representativeness in sampling and that number was considered sufficient enough for this research work because they have been examined to have the same characteristics as the population from which they were drawn; hence, this would lead to a high level of accuracy on their conclusions as connected to the principle of representativeness in sampling(Easterby-Smith et al.2008),

In addition, the sampling size for this research work was attained by using the non-probability sampling method, known as the judgmental sampling. In judgmental sampling, which is also known as purposive sampling, the researcher already has a clear idea of what sample units are needed, and then approaches potential sample members to check whether they meet eligibility criteria; those that do are used, while those that do not are rejected(Easterby-Smith et al.2008).

Furthermore, Hussey and Hussey(1997) also states that judgmental sampling takes place when the participants are selected by the researcher based on how potent their experiences are, on the phenomenon being studied; also, the researcher decides before the interview commences and does not pursue other contacts, which may arise during the study. The sample which consists of 15 current executive board members of Globacom group and senior officials across its various business units in Nigeria, were spotted by utilizing newspaper reports, internet articles, internally generated published documents and investor reports.

The problem with this method especially on how it can put constraints on the data to be collected from the respondents with respect to the representative principle is that there could arise the incidence of bias, which takes place when there is an exclusion of certain groups of people by the researcher based on a particular criteria chosen by the researcher which might not be 100% accurate or through the incidence of non-response which is a major source of problem in getting outsiders to believe in the research results(Easterby-Smith et al.2008).

4.9 Research instrument

According to Hussey and Hussey(1997), In a phenomenological study, the researcher is identified as the research instrument, because of his or her close participation under the paradigm. Therefore, the researcher was responsible for gathering, capturing and analyzing all data for this case research.

4.10 Data collection instrument development

Any of the approaches to research discussed in 4.1 are all equipped with specific instruments for collecting data. These tools do vary from exactly qualitative, such as observations to quantitative such as statistical information. In addition, the sources of data can be classified as primary and secondary data. primary data is the data which the researcher collects by him or herself; while secondary data relies more on sources such as published literature or any materials which have been previously published(Easterby-smith et al, 2008).

Now, according to my chosen research design which is mainly a single descriptive case study, it sounds more reasonable to base my study mainly and foremost on primary data interviews; however, during the first stages of research, secondary sources of information should also be analyzed.

4.10.1 Primary Data Collection: Interview

The case study of the particular firm (Globacom telecommunications Nigeria) was chosen as the research object for this study because it gives the opportunity to get into the details and carefully investigate how the company became an international company and also how it emerged as an emerging market multinational –which is literarily the aim of this paper. Also only one firm is

taken into the consideration, since the internationalization strategies vary greatly between different industries and companies.

Most common classification of the interviews is based on the degree to which they are structured, and can be described as follows (Easterby-Smith, 2008):

- highly structured;
- semi-structured;
- unstructured.

Highly structured interviews presumes that the researcher wants to get answers to a number of simple questions, so the main objective of the researcher is to prepare appropriate questionnaire and to hold interview with a number of people (Easterby-Smith, 2008). On the other hand, unstructured (or non-directive) interviews suppose that the interviewee talks freely on the topic without interruption (Easterby-Smith, 2008). The semi-structured interview includes the preparing of a list of themes and questions that are to be covered. At the same time the semi-structured interview gives the opportunity to ‘probe’ answers (Saunders, Lewis, Thornhill, 2000), where you want the interviewees to explain, or build on, their responses. It seems the most appropriate type of interview for this research, since it lays the structure for the interview and helps to get rid of the odd information. The sequence of questions in such situation does not matter so much, and the conversation should go freely, but at the same time the objective is to cover all the topics that were scheduled to be covered.

In order to conduct a case study, *face-to-face semi-structured in-depth interviews* were conducted with persons directly participating in the top management level of the company. These respondents have asked to be anonymous in this research work but they shall be described as regards their ages and positions in the company. Respondent 1 (male, 30 years old) is the group executive director who is one of the sons of the founder (Dr Mike Adenuga) takes active roles in overseeing day to day operations of the company; the respondent 2 (male, 32 years old) also a son of the founder is the second group executive director and he also takes active roles in overseeing the day to day operations of the company; the respondent 3 (male, 34 years old) is the chief operating officer of the company and he oversees the activities of all the business units and

departments of the company; the respondent 4(female,30 years old) is the assistant manager of customer care department and she takes active part in all activities connected with the company customers, suppliers, distributors, agents etc.; respondent 5(male,28 years old) is the company projects coordinator and he oversees all activities related to executing and controlling all company telecommunication projects and contracts; respondent 6(female,31 years old) is the head of operations in department for marketing/strategy and she oversees all operations which entails developing and innovating new marketing strategies for improving company product sales; respondent 7(male,33 years old) is the head of operations for information and technology department and this is where the technical and information technology activities are carried out; respondent 8(female,30 years old) is the business development manager who oversees all activities connected with attracting new customers and penetrating existing markets; respondent 9(male,33 years old) is the director of corporate affairs and he oversees the 'image laundering' activities of the company and ensures that the company is socially responsible to the society in which it operates.

Furthermore, respondent 10(male,30 years old) is the assistant director in charge of facilities maintenance covering the western zone of Nigeria and he ensures that all company facilities are always kept safe and operational; respondent 11(male,33 years old) is the head of operations and logistics and he oversees all activities related to efficient transportation and movement of all services and equipments to specified regions and cities in Nigeria; respondent 12(male,30 years old) is the head of operations for procurement department and is in charge of procurement of raw materials and equipments for the company; respondent 13(female, 33 years old) is the assistant director for the human resource department; respondent 14(male, 29 years old) is assistant head of operations for procurement department and finally, respondent 15(male,32 years old) is the director of finance and he oversees all the financial aspects of the company.

The interviews were performed with individual members of the sample as described above. The interview guide was structured in accordance with the research questions, and they are designed in a format which is easy, clear and neutral, in order to permit the interviewee to respond at length within the research context. The duration of the interviews were estimated at an average time of 30minutes for each correspondent; notes were taken by the researcher with the assistance of a friend during the course of the interview, which were later written out immediately after

each interview. The interview guide which consists of the complete list of questions asked during each interview is attached as an annex at the end of the work. The interviewees were guaranteed anonymity, due to the sensitive nature of the content of the subject.

4.10.2 Secondary Data Collection

At the beginning of this research work, the secondary data was analyzed in order to see what other research was done, to focus on the ideas and to analyze the context in which the company operates. The secondary data which was gotten from several literatures, articles, journals and the electronic web pages, is used as the basis for the theoretical framework of the paper and to get a deeper understanding of the research problem.

The study of the relevant literature and recent studies in the area is also used to prepare and improve the questions for the interview and to understand the overall developments in the telecommunications industry. Moreover, the investigation into the research literature is helpful to understand the best practices for the collection of primary data.

One of the shortcomings of secondary data collection is that the question on which most of the data answers does not always correspond with the aim of research (Saunders, Lewis, Thornhill, 2000), so the researcher should be very careful during the data collection. The main criteria of secondary data collection is its correspondence with the research questions, not outdated and practically new information, and also the reliability of the source of information. So the periodicals in the field of the research were studied and only those connected with the topic were chosen for the theoretical framework.

Finally, four independent sources constituted the sources of data and they include: Globacom Nigeria, Independent industry analysts and regulators, and their components are stated below:

- Globacom Nigeria: Open ended interviews, annual reports, press releases, and documents published internally.
- Independent industry analysts: Investment reports by financial analysts, internet based media comments and analysis.
- Regulators: Regulatory policy documents.
- Literatures and texts: textbooks, journals and previous research work

These four independent sources of data allowed for data to be effectively triangulated(Yin,1989).

4.11 Data Analysis

Due to the phenomenological approach and qualitative research design method utilized by this research report, it was deemed unrealistic using the quantitative methods for qualitative data analysis. The method of Cognitive mapping was applied in stimulating the structure and de-textualizing the data. Cognitive mapping is refers to as a modeling technique that aims to portray Managers' ideas, beliefs, values and attitudes and show how they inter-relate (Easterby-Smith et al.,2008) and in a more general term, a cognitive map may be defined as "an overall mental image or representation of the space and layout of a setting", which means that the act of cognitive mapping is "the mental structuring process leading to the creation of a cognitive map"(Arthur P, Passini R,1992.)

Furthermore, a cognitive map represents the relationships between the constructs of a number of individual managers regarding a managerial issue or problem(Eden et al.,1983 cited in Easterby-smith et al.,2008); also a cognitive map is not supposed to be a scientific model of an objective reality in the way some influence diagrams are, but instead be a presentation of a part of the world as a particular person sees it- it can never be shown to be right or wrong in an "objective sense"(Eden et al.,1983:44 cited in Easterby-smith et al.,2008). Thus, cognitive maps therefore capture managers' professed theories-in-use, and their conceptual and symbolic uses of the language(Easterby-smith et al.,2008).

Finally, cognitive maps can work either at the individual level or the group level and can be used statistically as a method of simply data collection(instead of field notes) or dynamically with groups of managers; consequently, cognitive mapping methodologies have been increasingly used in action research, where groups of individuals, managers, or employees collaborate to model the complexity of their organizational problems as they see them so they can subsequently be analyzed and solved; here the focus is not just on collecting and presenting large amounts of data but in stimulating new learning that will lead to change-hence its use in strategy development(Easterby-smith et al, 2008).There are 2 main approaches to cognitive mapping: The individual cognitive maps and the group cognitive maps(Easterby-smith et al.2008).

Individual cognitive maps: This is a map that is produced through questioning and laddering; The lines running between the numbers(content codes) represents the linkages; there are always few values at the top of the map than attributes(at the bottom of the map), consequences usually tends towards the middle. In order to gain understanding and in order to interpret it, the interviewer needs to go through a process of laddering(see Easterby-smith et al. 2008,pp. 202-203).

In addition, as constructs are thought to have a hierarchical relationship, the process of laddering employed in the interviews helps to gain a better understanding of a person's construct system; laddering down is where the interviewer explores a person's understanding of a particular construct, while laddering up is where the interviewer explores why a particular construct is important to them and helps to explore a person's value system(see Easterby-smith et al. 2008, pp. 204).

Group cognitive maps: According to Easterby-smith et al.(2008), cognitive maps are being used by researchers in a whole variety of contexts, from helping managers to clarify and design strategy to providing tools of mediation; used interactively they can help groups think around issues as well as to formulate plans. This approach has spawned an industry known as strategic support and the improvement in computers and software has enabled a large number of software products to be designed that can sit within a group of managers and employees to help them map out their perspectives on problems and issues within an organization and from this collective set of views clarify next steps; hence, used in this way, the research clearly takes on an action research flavor, where change is most decidedly part of the process of data collection making the approach an attractive proposition for those undertaking consultancy(Easterby-smith et al.,2008).

This research's data analysis is generally tilted to the group cognitive mapping approach because it enables the views of the respondents collected from the in-depth interviews conducted to be analyzed in a better and more detailed perspective. It also gives the research work an action based research flavor.

Finally, cognitive mapping methodologies have been increasingly used in action research, where groups of individuals, managers, or employees collaborate to model the complexity of their

organizational problems as they see them so they can subsequently be analyzed and solved; here the focus is not just on collecting and presenting large amounts of data but in stimulating new learning that will lead to change-hence its use in strategy development(Easterby-smith et al, 2008).

The group approach to cognitive maps will be used in the research work as thus:

- A detailed view of the problem was divided into expressions of about 10 words, which retains the words of the person presenting the view. These were examined as separate concepts, after which a graphical format was used to re-unite them, thereby disclosing their reasoning mode.
- Secondly, a single concept was utilized in bringing together pairs of phrases, in which each one presented important disparity to each other.
- Thirdly, the separate phrases were connected to create a pecking order of means and ends.

Based on the researcher's capacity to discover and attach different levels of information, the main themes were enabled by cognitive mapping to intermingle across findings. The content and frequency analysis were used to analyze the interview data, in order to discover any themes, which might be ignored by the researcher during the course of cognitive mapping. The content analysis was performed using an outline designed for every research question with an excel spreadsheet. This enabled each response in the measured conduct, to be confined in a line relevant to the research question.

Finally, the Data analysis was brought to an end, by using the basic sample profiling statistics to discover the themes which emerged from demographic profiling. These themes includes employment experiences, marital status, age, education and foreign language skills.

4.12 Evaluation of Data Analysis(Validity and Reliability)

According to Hussey and Hussey(1997) cited in Lincoln and Guba(1985), in order to ensure validity, there are four recommended principles utilized for the evaluation of the Data analysis.

- A) Credibility: This reveals that the research was performed in such a way that, there was an accurate identification and description of the subject of enquiry. The researcher through triangulation improves credibility by using different sources and methods of data.

- B) Transferability: This relates to if the findings can function in another situation, which is adequately related to allow the generalization.
- C) Dependability: This seeks to prove that research processes are organized, precise and well cited.
- D) Confirmability: This seeks to evaluate whether the findings are determined from the data collected.

Now, applying the recommended principles to the evaluation of the Data analysis in order to determine the validity and reliability of this research work: First, it is stated that the credibility criteria was met, because the structure from which Globacom's internationalization pattern and process was analyzed was built up through published sources of information and in addition, there was a conformity with the triangulation criteria, through the utilization of data gotten from multiple sources.

Secondly, the transferability criterion was fulfilled, because the concept of the emerging markets, served as the context in which the research was conducted, of which the findings can be utilized to situations of similar background.

Thirdly, the dependability criteria was observed, because as a result of the utilization of published sources of information, the informants were enabled by the recent occurrence of events to accurately recollect events and actions. Furthermore, all interviews were written out into a formal data, as soon as each interview ended and this method allowed the researcher to remember information which was not subject to bias and which cannot be interpreted.

Finally, the confirmability criterion was fulfilled because a minimum of 2 sources of information was utilized in examining each of the construct of internationalization and also a 2 step procedure was utilized in analyzing the data, that is in the structure of cognitive mapping by the researcher and secondly, through the technique of content and frequency analysis, perform in an excel spreadsheet.

4.13 Research Limitations and Further research

There were certain limitations which affected the conduct of this research study, and they include:

First, there is no statistical measurement of the constructs in the research report. A study with a similar context which will empirically test these constructs will be appropriate for further research and findings.

Secondly, the rising rate of internationalization requires a deeper analysis and measurement of the rate of internationalization as regards a time based appraisal of entrepreneurial tendency, ex-ante and post –hoc internationalization. This research study concentrates on the constructs based on ex-ante internationalization.

Thirdly, this research is concentrated mainly on Globacom's internationalization process in Africa, a detailed view on how the company acquired its telecommunication license in the Nigerian market, was not adequately examined in this research work.

4.14 Conclusion

The research design and the selected methodology were designed to achieve the objective of this research report, which is to identify the factors through Globacom's internationalization in Africa was influenced. The interviews, in conjunction with detailed secondary data, provided exceptional ideas into the impressive ways that Globacom conquered the hindrances to speedy internationalization.

CHAPTER 5: PRESENTATION, DISCUSSION AND ANALYSIS OF FINDINGS

5.1 Introduction

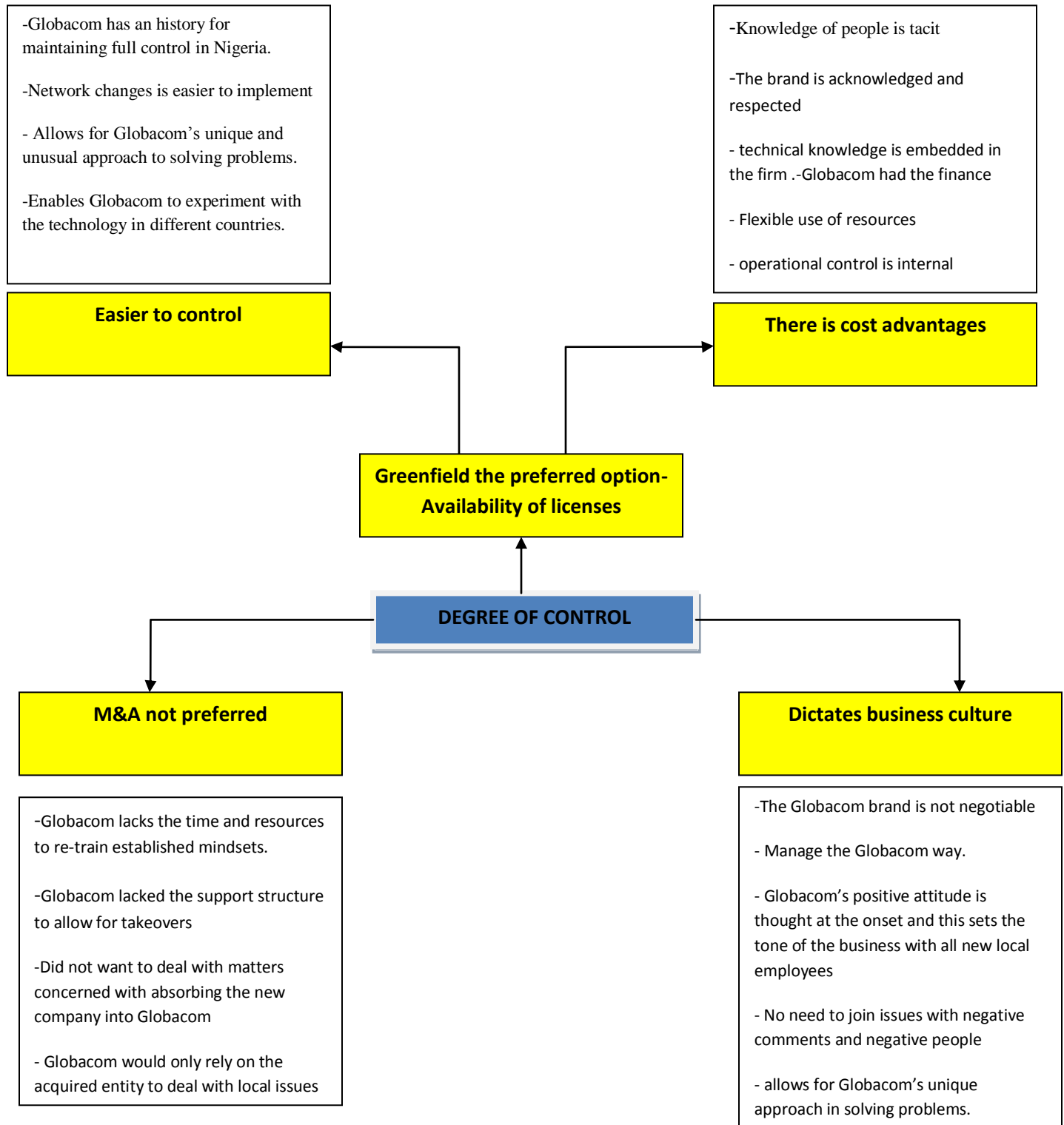
In this chapter, there is a presentation, discussion and analysis of the research findings which have been collected over a period of three months from Globacom Nigeria telecommunications through primary sources of data collection collected from open-ended interviews; and secondary sources of data collected from internally published documents, internet based reports and releases from the press, the regulator through their policy documents and independent analysts from the industry, as well as media remarks and analysis.

The results were obtained based on the conceptual framework which was prepared in chapter 2, and structured based on the research questions as specified in chapter 3. The cognitive mapping process which was devised around each of the research questions, heralds the presentation, discussion and analysis of the results; next is the content analysis and finally there is the basic profiling sampling statistics for demographic profiling.

5.2 Research question one

Here, attention is given to the preferred mode of foreign entry as exploited by Globacom. The exact research question was: How has degree of control influenced the internationalization process of Globacom Nigeria when entering emerging markets? The results attained for research question one is concerned explicitly with the cumulative data collected from interview guides four and eight. The cognitive mapping for this research question is shown overleaf:

Figure 5.2 Cognitive Mapping for Degree of Control



5.2.1 Discussion and analysis of findings for research question one

Research question one considered the accepted mode of foreign entry as adopted by Globacom. The general theme was indeed the inclination for Greenfield investments.

Globacom Nigeria's venture into greater Africa started with a cautious and futile attempt to acquire the GSM telecommunication operating license in 2000 under the former name known as Communications Investment Nigeria Limited(CIL), three years later, the company launched its telecommunication operations in Nigeria. For Globacom, operating on a continent with a large untapped market for telecommunication services, expansion and internationalization was the most sensible project to undertake.

➤ Cost benefits

Globacom Nigeria saw a lot of cost benefits in Greenfield investments. It enabled the company to utilize its technical knowledge which was implanted in the firm and control its resources in an elastic manner. The implicit knowledge of the people and the accessibility of GSM licenses contributed to the inclination for Greenfield investments. Also, the executive team members believed in the opinion that Greenfield investments guaranteed a longer term investment. When Globacom entered the Nigerian market in 2003, analysts had the opinion that telecommunication companies from the western world were discouraged from entering the Nigerian market because of poor infrastructure and political instability which was occurring in Nigeria and Africa(Respondent 1,male,age 30: April 20,2011).

The above discoveries contradicts the transaction cost theory which has its origins in the internalization theory which has the belief that costs rises in consonance with the increase in the level of control in the mode of entry. Furthermore, transaction cost theory advocates that the higher the resource commitment, and desired control of entry mode, the higher is the cost. Higher costs means that higher levels of investment are required for the firm to break-even and make a profit.(Johnson and Tellis,2008).Furthermore, in the case of Greenfield investments, almost all firms adopt the build –own- Operate (versus the build-own-transfer) project structures, revealing the new reality that investors desire to sustain control of the asset over its usable life

and host countries that want to attract investment in telecommunication infrastructure can no longer require that investors hand over the assets to their operation as was required in past periods of infrastructure investment.(Doh and Teegan,2003).

➤ **Maintain control**

Globacom Nigeria had maximum and effective control due to Greenfield investments. Globacom has always had an history of maintaining a total control even in Nigeria. One of Globacom's major control strategies is to own the customer and relationships, as doing this would increase its mobile subscription base(Respondent 4,female,age 30: April 20,2011).

Furthermore, the company is able to manage its operations more effectively by maintaining full control, which would consequently lead to a faster deployment of efficient services and cutting edge technology to solve every day business problems. For instance, in most of its base stations in Nigeria, there always problems of erratic power supply which is one of the major problems facing the country, but in order to counter this problem and maintain full control over its operations, Globacom has installed standby generating plants at all its stations in Nigeria to ensure that its services go on unhindered(Respondent 10,male,age 30: April 20,2011). Full control ensures that Globacom utilizes creative solutions to solve simple and complex everyday problems.

➤ **Determines business culture**

Greenfields investments enabled Globacom to determine the non-negotiable business culture and the high level of governance involved in each of its operations. While Globacom possessed the financial capabilities to engage in the mergers and acquisitions in the early years of its establishment, the company realized that it did not possess the specific support structure to facilitate take overs and also, it did not have the resources to integrate the acquired company into the organization. In every aspect of its African expansion, the Globacom brand was not exchangeable.(Respondent 3,male,age 34: April 20,2011).

All the above results find credence in the resource based theories of Gatignon and Anderson(1988), Isobe, Makino and Montgomery(2000), and Arnold(2004) which state that as the rate of foreign control increases, the firm's chances of success increases because the firm can organize key resources in a flexible manner, which are critical to its success.

5.2.2 Summarized findings for research question one

In summation, the major benefits connected with Greenfield investments made by Globacom are characterized by:

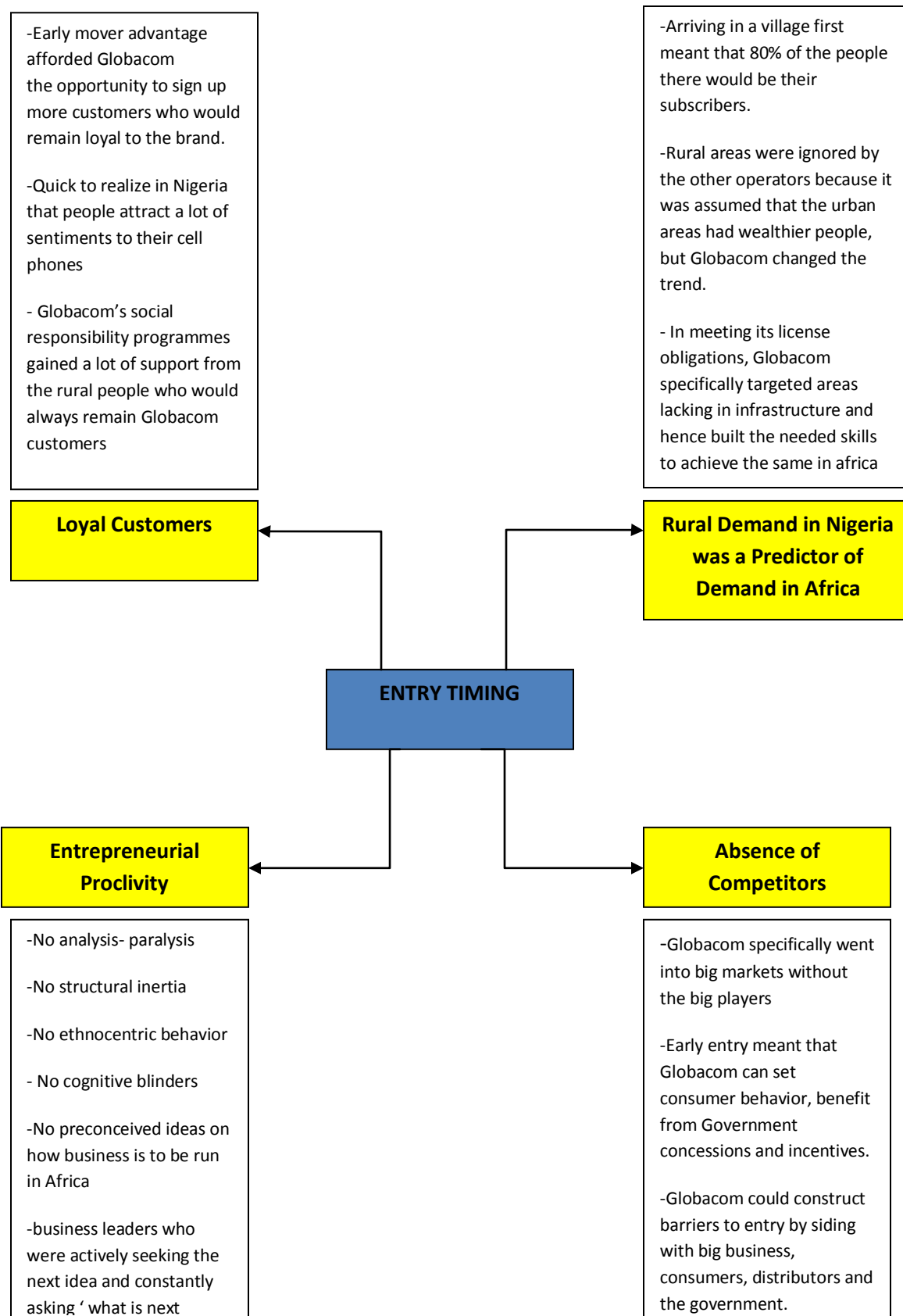
- Cost
- Culture
- Control

These three features have together, ensured the successful entry of Globacom Nigeria into other emerging markets. The findings for research question one have expanded and added to the existing literature in the area of choice of entry mode in the internationalization of process of emerging market multinationals in the telecommunications sector. For Globacom, success in going into emerging markets increases with the degree of control. Therefore, the objective of research question one, has been achieved.

5.3 Research question two

Research question two only analyzed the construct for the entry timing. The exact research question was stated as: How has the early entry of Globacom Nigeria into the international market affected its chances of success in internationalization? The results attained for research question two is concerned with the cumulative data gotten from the interview guides 5 and 10 and sustained by interview guides 9 and 11. The results are shown and they signify an affinity of Globacom towards entry into foreign markets where there is a lesser degree of extensive competition, at an early stage. This enables the company to construct relationships of substance, set behavior for consumers, and develop barriers to its own entry. The cognitive mapping for research question two is shown overleaf.

Figure 5.3: Cognitive mapping for Entry timing



5.3.1 Discussion and analysis of findings for research question two

Research question two analyses the effect of Globacom's entry timing on internationalization . In examining Globacom's internationalization into African markets, it was discovered that the company internationalized at an tremendously fast rate almost from their origin. This fast expansion was caused by the entrepreneurial proclivity of both Globacom's executive officers and their shareholders which was characterized by their ability to realize the incredible opportunities which telecommunications internationalization was going to offer them in Africa; also academic literature on entry timing proposes that while there are benefits to early movers(Carpenter and Nakamoto, 1989; Mitchel, 1999), there are however uncertainties associated with early mover strategies(Golder and Tellis, 1993).

➤ **The predictor of demand in Africa was influenced by the rural demand in Nigeria.**

When Globacom started its operations in Nigeria in 2003, the company quickly realized that establishing its operations and network in villages and towns that were still not covered by the other operators would avail them the opportunity of signing up 85 percent of the people as its subscribers. In addition, the three other operators which exists side by side in the same market with Globacom were more interested in concentrating their operations in the urban areas with little interest shown to the villages and towns in the rural areas(Respondent 6, female, age 31: April 20,2011).

Finally, Globacom's entry and concentration on the rural areas was as a result of the need to fulfill a part of its licensing obligations, which was to target areas with no infrastructure and build the technical skills that would enable speedy roll out in those difficult areas and fuelled by the belief that those areas constituted the areas for the most untapped subscriber base, because majority of the Nigerian populace resides in the rural areas, where there is a massive hunger for telecommunication services and the result of this strategy surprised everyone because for months those rural areas carried some of the heaviest traffic ever recorded on the Globacom network(Respondent 6, female, age 31: April 20,2011).

➤ **Lack of competitors**

During its expansion into Africa, Globacom specifically targeted markets where there is a dearth of well established telecommunication firms. Globacom Executive officers discovered that foreign direct investment in the telecommunications industry was subject to the short-lived transitory nature of the windows of opportunity; therefore, this required the company acting fast or losing out of the investment opportunity which was presented to them (Respondent 6,female,age 31: April 20,2011).

Also, according to respondent 6(female, age 31: April 20,2011), by moving early and quickly into these markets, Globacom aided the development of that market, set consumer behavior, and gained from the concessions and incentives which the governments often offered for their countries to be a center of attention for foreign direct investment. Also, by gaining entry into these markets, Globacom was able to construct its own entry barriers by closing up channels to key resources, such as suppliers and distribution channels(Respondent 6,female,age 31: April 20,2011). According to Sarkar et al(1999), post entry early mover advantages compound as the incumbent firm benefits from the opportunity to arbitrage and leverage the political process to enable a conducive regulatory environment.

➤ **Entrepreneurial proclivity**

Globacom was equipped with well grounded, agile and innovative leaders who were continuously seeking to break new grounds, as such the company had a conducive environment for the assimilation of new ideas, risk taking and experimentations. In addition, the business leaders were flexible in their thoughts and actions. As can be seen in Globacom's case, young firms that are equipped with a strong innovative culture and proclivity to penetrate international markets tend to internationalize quickly((Respondent 2,male,age 32: April 20,2011).

Also, early entrants gain advantages by having lower costs of production, distribution and marketing, government concessions and access to the best production sites, distribution channels and market niches and customers who are inclined to first mover brands(Nakata and Sivakumar,1997). Finally, Respondent 2(male, age 32: April 20,2011) also stated that it is known

that Globacom managed to gain the advantages accruing from its early and fast internationalization because:

- a. It specifically targeted countries that had a dearth or lack major telecommunication players.
- b. It gained from the country of origin effects, for instance rural demand in Nigeria was the predictor of demand in Africa and the exceptional skills, which the company developed during its rapid roll out of its network services in the rural areas in Nigeria, enabled Globacom to have the needed capabilities to do the same in Africa.
- c. Its executive officers fully supported its innovative strategies.

According to Sarkar et al.(1999), the Uppsala internationalization model states that a firm moves abroad through a temporarily stated, sequential, and stage wise processes and that foreign market expansion is incremental and dependent on a firm's experiential learning. This view of the Uppsala internationalization model does not find credence in Globacom's early and fast internationalization because Globacom's kind of rapid internationalization is only associated with the phenomenon of born global firms.

5.3.2 Summarized findings for research question two

The findings from research question two has further enriched the present literature on the timing and rate of entry in foreign emerging markets. In the case of Globacom, success in internationalization was enhanced because of the early and fast rate of entry. Therefore, the objective of research question two has been achieved.

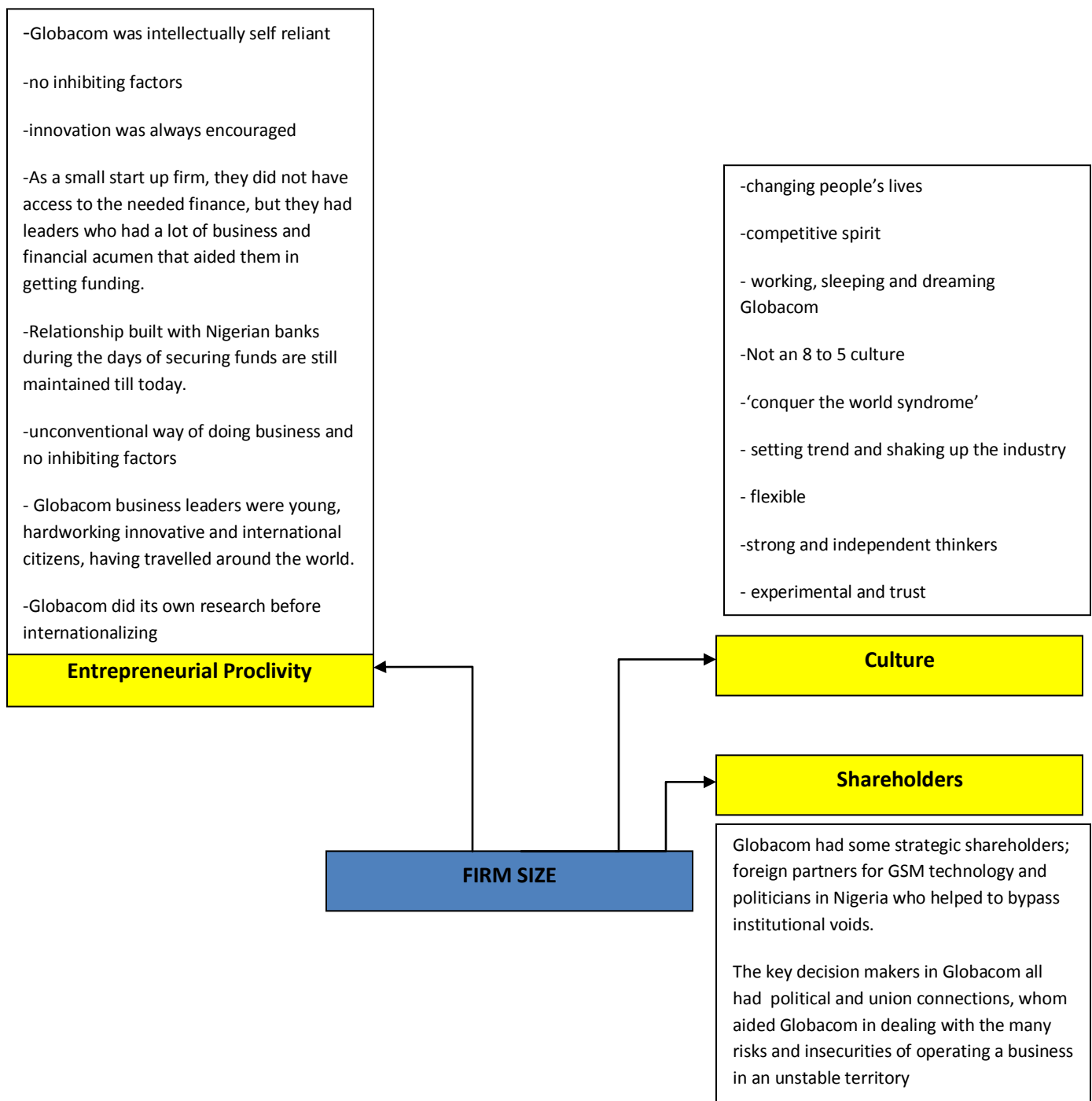
5.4 Research question three

The third research question appraised the consequences of firm size when companies enter into the international market. The exact research question is as follows: How has the size of Globacom Nigeria affected its internationalization process? The results that were attained for this research question relates to interview guides 5 and supported by interview guides 4 and 10.

The results show that Globacom did not attach any importance to its small size as an obstacle to its internationalization process. Due to its small size and high bias for technology, its expansion

plans went on smoothly because there was no cognitive blinders or structural inaction that usually goes along with the bigger corporate firms. Shown below is a diagram of the cognitive map for research question three

Figure 5.4: Cognitive mapping for Firm size



5.4.1 Discussion and analysis of findings for research question three

Research question three aimed to discover and analyze the consequence of Globacom's size on internationalization. Based on the analysis of the in-depth interviews, it was realized that Globacom was young enough to discover opportunities without potential tunnel vision, cognitive blinders and biases, yet was mature enough to have layers of routines which aids the interpretation and integration of knowledge (Khavul et al., 2007 citing Cohen and Bacdayan, 1994). This was as a consequence of the entrepreneurial proclivity of both the company's owners and managers.

Furthermore, Globacom's size which is quite small, and which is associated with young, high technology start-ups had a straight impact on the company's organizational culture of setting trends and shaking up the industry, can-do and get-it-on mentality, experimental and 'surmount the world' way of thinking.

As a small sized company, Globacom had to be intellectually independent (Respondent 3, male, age 34: April 20, 2011). This meant that while the company provided an environment for creativity, risk taking and experimentation, the company also expected that its employees are self reliant thinkers, who could be trusted without faltering. Globacom had all the features of a small firm, but all its actions in its internationalization process, contradicted its small size. This could only have been achieved due to the entrepreneurial zeal and attitude of its owners and managers.

In addition, firms with the born global phenomenon progress to internationalization comparatively faster, for instance, the period from domestic establishment to initial foreign market entry is often 3 years or less; also, the smaller size which is associated with smaller firms seems to grant a sort of flexibility that ensures key benefits for succeeding in foreign markets. (Knight and Cavusgil, 2004). Also, according to Wright et al. (2005), recent research on the concept of 'strategic flexibility' of firms stresses that the frequently changing market conditions in emerging market economies entails the development of 'strategic flexibility' that should assist firms in taking advantage of existing and new opportunities, strategic flexibility relies mutually on the innate flexibility of resources accessible to the organization and on the managers' flexibility in applying those resources to alternative courses of action.

As the literature review in chapter 2 has indicated, according to Johnson and Tellis(2008), bigger sized firms might be more successful in internationalization because they have access to more resources, are more likely to possess a greater wealth of product/marketing specific knowledge and have more access to powerful financial and business acumen.

5.4.2 Summarized findings for research question three

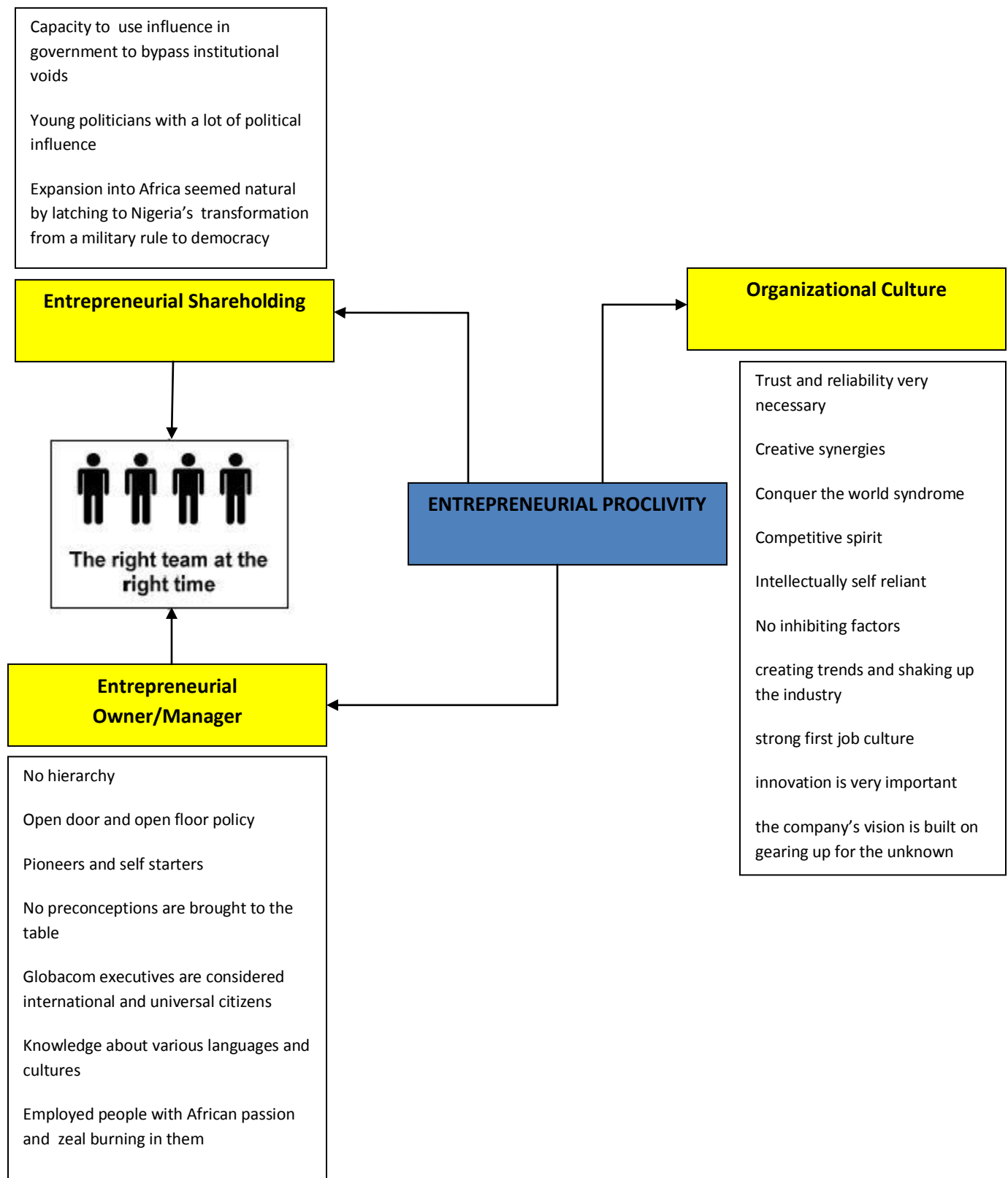
After adequate analysis on Globacom's internationalization strategy and its firm size, it is made known that youth and lack of experience, as well as inadequate financial, human and material resources are no longer major obstacles to high level internationalization and international success of a firm. Subsequently, research question three has achieved its objectives and these findings have beneficially contributed to the present literature on the effect of firm size on internationalization.

5.5 Research question four

This research question examined the theory of entrepreneurial proclivity. The exact research question went as follows: How has entrepreneurial proclivity affected Globacom Nigeria's internationalization strategies? More data was collected about the interviewee's level of education by utilizing interview guide three, and also if they had resided and worked in other parts of the world.

The results shown below signifies that Globacom had the distinctive position of having both entrepreneurial ownership and entrepreneurial business managers who had the belief that expansion into high risk prone areas in Africa was just a natural development in their industry. The cognitive map for this research question is shown overleaf.

Figure 5.5: Cognitive Mapping for Entrepreneurial proclivity



5.5.1 Discussion and analysis of findings for research question four

The fourth research question aimed to identify the effect of entrepreneurial proclivity on the internationalization strategies of Globacom Nigeria. The findings gotten from the in-depth interviews indicated that entrepreneurial proclivity seems to offer added knowledge and enlightenment that leave individuals more inclined towards internationalization. Interviewees stressed the significance of entrepreneurial and innovative culture in the pursuit of foreign markets.

According to Zucchella et al.(2007), studies examining the entrepreneurial thoughts existing among decision makers of a firm's internationalization strategy disclosed a positive relationship between entrepreneurs' international attitude, orientation, experience, network and the firm's positive international development. In addition, it has been demonstrated that internationally experienced top managers navigate a small sized firm towards internationalization more quickly than their counterparts(Reuber and Fischer, 1999).

Furthermore, it has been discovered that entrepreneurial orientation could comprise of the propensity to act independently, an inclination to be aggressive towards rivals and being proactive comparative to market place opportunities and a desire to innovate and take risks(Lumpkin and Dess, 1996). The most significant findings of this construct deals with the entrepreneurial proclivity construct. Examining it through the Globacom perspective, it is discovered that the entry mode, entry timing and the rapid pace of its internationalization are direct outcomes of the company's entrepreneurial proclivity.

Based the on the findings of the sample profiling performed in chapter 5, it is revealed that the average age of Globacom's employees is 31.3 years. Of the 15 respondents that were interviewed, only 2 were unmarried. Furthermore, 87% of the 15 respondents interviewed were considered worldwide citizens, having resided, worked and studied in many countries of the world. In addition, majority of the employees stated that working for Globacom Nigeria was their first real employment which emphasizes the reality that Globacom had a strong first job culture and therefore, enjoyed company loyalty.

According to Khanna et al.(2000), it is stated that first world multinationals who do get it wrong, often blame their failures on their inability to access skilled market research firms that would inform them reliably about customer preferences so that they can tailor products to specific needs and increase people's enthusiasm to pay for them.

According to respondent 8(female, age 30: April 20,2011), lack of accurate economic data on income distribution levels in Nigeria and Africa was the major reason why Globacom was forced to perform its own primary research to estimate market size. This fact again attracts attention to the entrepreneurial attitude common within the company, which paints a picture of Globacom being self reliant in accessing information, if it cannot find the right people to provide dependable information.

Also, according to respondent 9 (male, age 33: April 20,2011),Globacom possessed the distinctive company culture of having the right team in the right place to enable them have a rapid internationalization. Globacom also had ownership and financiers who were mostly members of the Nigerian ruling and aristocratic class, who were able to use their economic and political connections to by-pass institutional obstacles and inadequacies(respondent 9,male,age 33: April 20,2011). Finally, Globacom was also equipped with young entrepreneurial managers who were creative, inclined to risk taking and also having the power of foresight(respondent 13, male, age 34:April 20,2011).

5.5.2 Summarized findings for research question four

From the analysis performed on the sample profiling of the interviewees, it is made known that the interviewees resided, studied and worked in many countries of the world. Also, entrepreneurial proclivity which is evident in Globacom's shareholding and executive teams had a direct effect on the company's organizational culture which encouraged a global attitude characterized by openness and acknowledgement of cultural diversity and markets. Subsequently, research question four has achieved its objective. The results shows a combined effort between the existing literature on internationalization and entrepreneurial proclivity which

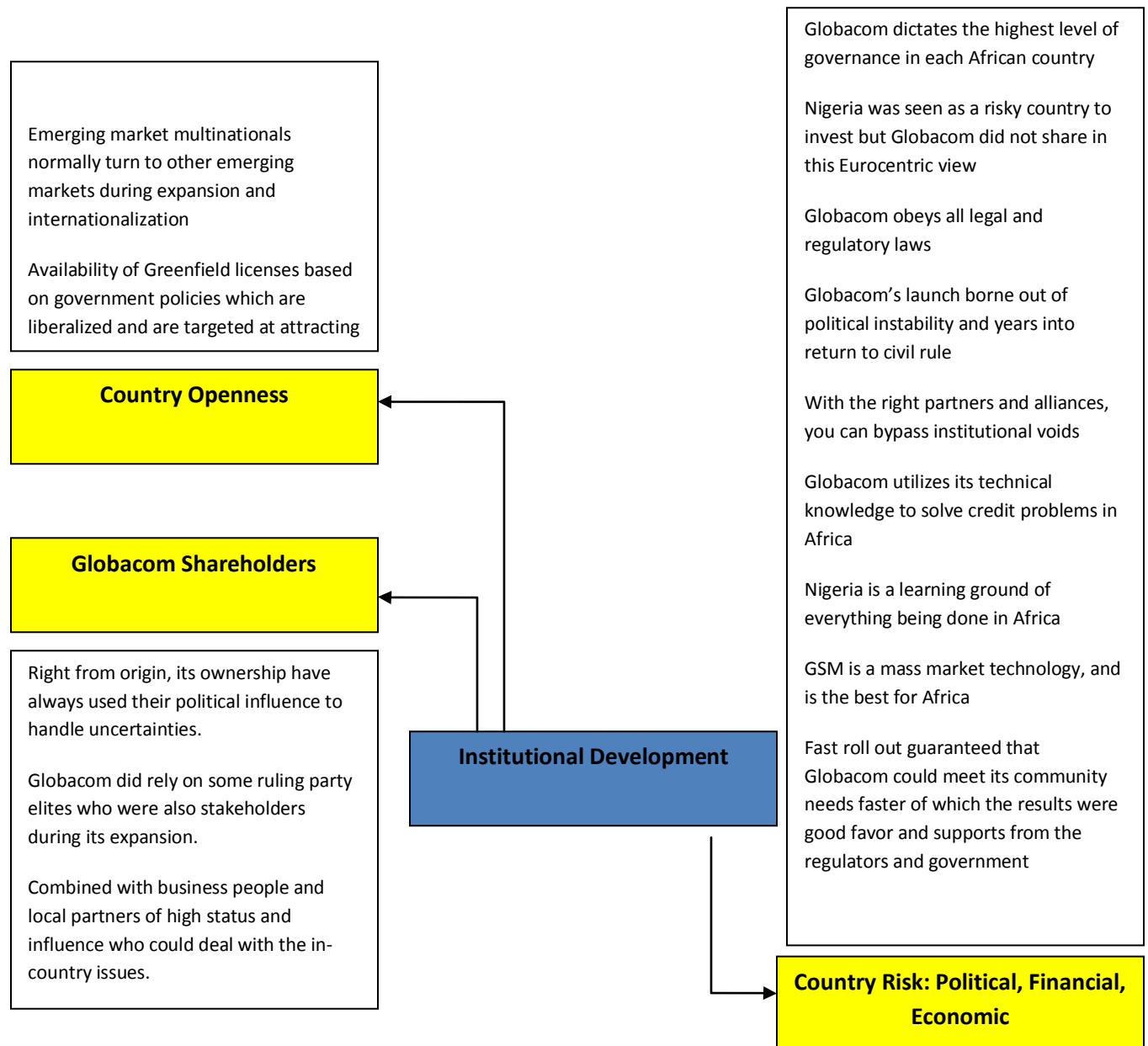
has proved that entrepreneurial proclivity influences other constructs such as entry timing, entry mode and the fast rate of internationalization.

5.6 Research question five

The fifth research question analyzed the impacts of institutional development on strategies for internationalization. These institutional risks includes country openness and country risks which also consists of risks related to economic, political and financial disruptions and uncertainties. The exact research question which was asked was: How has institutional development affected Globacom Nigeria's internationalization strategies which are utilized within the framework of an emerging market? The results attained for research question five is concerned with the cumulative data gathered from interview guide seven and supported by interview guide six.

The results shown overleaf proves that Globacom did build up exceptional strategies to by-pass institutional voids. The cognitive map is shown overleaf.

Figure 5.6: Cognitive mapping for Institutional development



5.6.1 Discussion and analysis of findings for research question five

This research question is the first macro construct to be explored in this chapter and it strived to analyze the effect of institutional development on Globacom's international strategies deployed within an emerging market perspective.

One of the most important findings in this research report was the fact that Globacom's entry into the Nigerian market was burdened by the enormous political, social and economic uncertainty inherent in Nigeria at that time and its license to operate in Nigeria would not have been awarded without the political and economic influence of its management and owners.

➤ **Country risk(Political, Social and Economic)**

In 1999, there was a change in the Nigerian political environment, as the country returned to democratic governance, with Chief Olusegun Obasanjo becoming elected as the second democratically elected president of Nigeria. During his administration, there were series of interactions and confrontations between his government and Dr. Mike Adenuga, the founder of Globacom telecommunications, and this was a government that was known to have high dictatorial tendencies; all these interactions and confrontations affected the fortunes and operations of the company, as the founder had to engage in all kinds of political lobbying and patronage in order to protect the company and its interests. For instance, on May 15, 2005, the Olusegun Obasanjo presidential library was launched, during this ceremony, a total of 4 billion Nigerian Naira was raised from business friends, business and political associates of president Olusegun Obasanjo, out of this amount, Dr. Mike Adenuga donated the sum of 250 million Nigerian Naira, about 1.7million Us Dollars to emerge as the highest donor (http://www.nigerianmuse.com/nigeriawatch/?u=Info_on_Obasanjo_library.htm). Now according to respondent 9(male, age 33: April 20,2011) who analyzed this scenario, this financial support could be viewed as a form of political lobby and patronage, which was done in order to protect the interests of Globacom and his other conglomerates, therefore allowing company and the founder to have a favorable relationship with the government.

Furthermore, in 2006, in another incident which took place at the tail end of the same regime, Dr. Mike Adenuga ran into another confrontation with the erstwhile president, as he was forced into exile for refusing to support the third term presidential ambition of the president Olusegun Obasanjo and for being too economically independent minded of President Obasanjo's government, this led to series of trumped up financial charges leveled against him by the Nigerian economic crimes commission but instigated by the erstwhile president, it was until another president came into power that Dr Mike Adenuga was allowed to return to Nigeria, and this was made possible by the foolproof political lobbying that was employed by his foot soldiers to enable him return to Nigeria. (<http://www.naijarules.com/vb/news-current-affairs-politics/25693-adenugas-agony-obasanjo-connection.html>). The above incidents were part of a long line of more incidents, in which Globacom has used the political and economic influence of its ownership to influence business decisions in its favor(Respondent 9,male,age 33: April 20,2011).

Now, studies analyzing entry strategies in deregulated markets emphasize that local partner alliances can represent a way of complementing and reinforcing the competitive positioning of a firm(Doh,2000). While many of these are state mandated, these partnerships are serving to distribute risk, source for capital, and allow individual firms to take advantage of emerging market opportunities and strategically position collaborators as global players in a radically restructuring market(Sarkar et al., 1999).

Despite all its rough experiences, Globacom did not believe in the same Eurocentric perceptions of risk that developed countries had of Africa, as with a powerful ownership/ management structure and an adherence to the highest standards of governance, uncertainty was drastically reduced through positive and down to business management and local partner relationships(Respondent 2,male,age 32: April 20,2011).

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➤ Country openness

One remarkable finding from respondent 8(female, age 30: April 20,2011) in the in-depth interviews conducted was that Globacom expanded into specific African countries based on the availability of Greenfield licenses stimulated by liberalized and open government policies that

encouraged foreign direct investment. Therefore in pursuing international goals, emerging market multinationals instinctively turn to other close emerging countries with an open environment and liberalized government policies for growth; this is as a result of proximity in geography, culture, market reciprocity and historic colonial ties.

5.6.2 Summarized findings for research questions five

Globacom Nigeria's expansion signaled a strategy to move away from the Nigerian market, which was reaching saturation, and re-allocate investments in areas with potentially high growth rates. The Africa expansion represented an opportunistic attempt to benefit from newly liberalized governments and deregulations in telecommunications foreign direct investment. Africa possesses a high growth rate with very low penetration rates. However, part of the African success is as a result of over-regulation in some markets. This proves that the telecommunication sector operates better in an environment of protected de-regulation and government interference. In addition, Globacom possesses the ability to accommodate genuine uncertainties through managerial judgment, ownership with substantial political influence and local partnering strategies confirming that a blend of these factors has the ability of being able to work around institutional voids and thereby secure long-term success of the business.

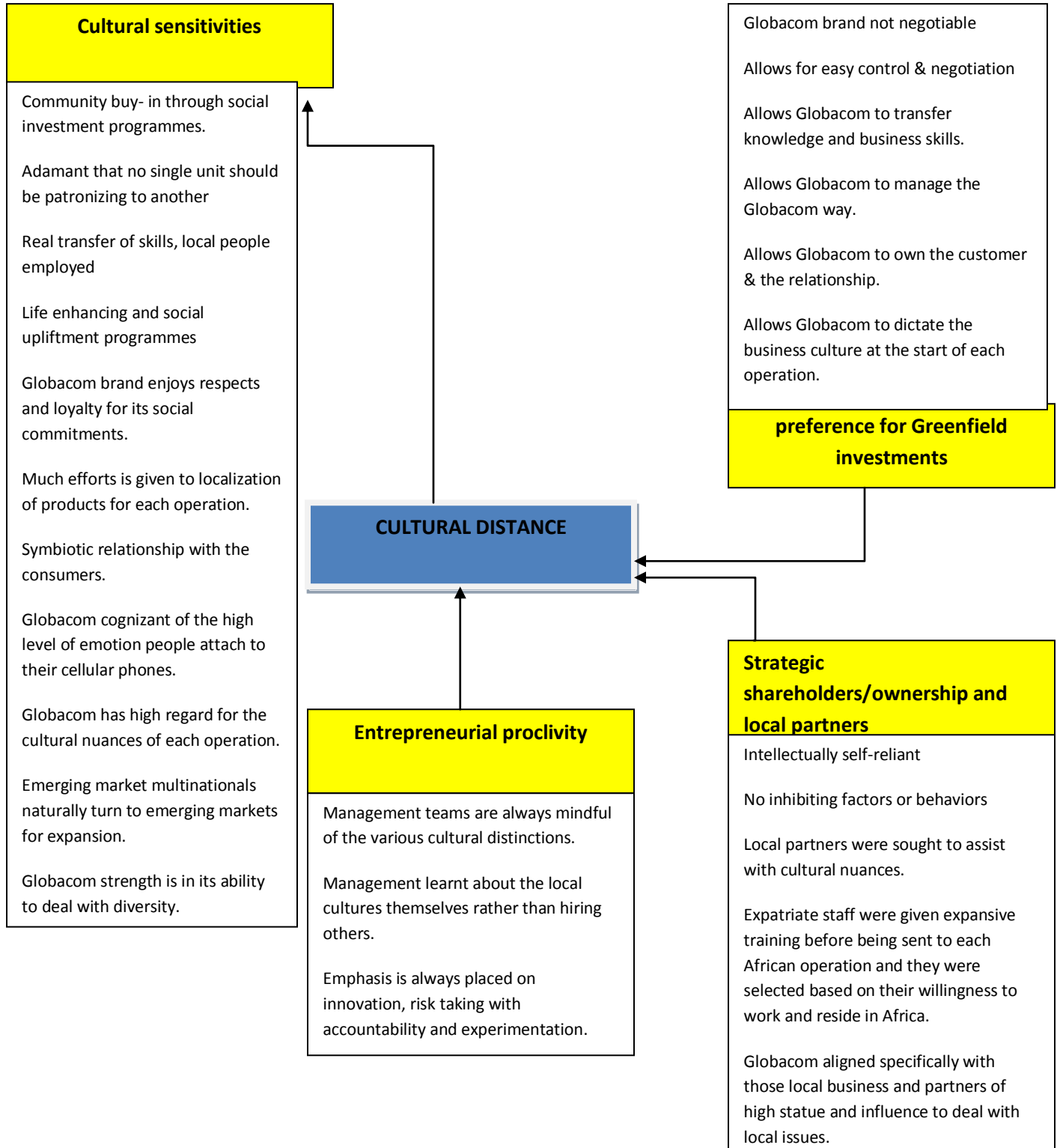
Conclusively, the research objective as defined by the research question five in chapter three has been achieved.

5.7 Research question six

Research question six evaluated the impact of cultural distance on expansion strategies. The exact research question was: How has cultural distance affected Globacom Nigeria's internationalization process? The results collected for research question six is concerned with the cumulative data assessed from interview guide twelve and supported by interview guides nine and eleven.

The results indicate that Globacom was highly mindful of the cultural differences in every African country it expanded into. The results and cognitive map are presented overleaf.

Figure 5.7: Cognitive mapping for cultural distance



5.7.1 Discussion and analysis of findings for research question six

Research question six wanted to analyze the effect of cultural distance on Globacom's internationalization. The results gotten from the in-depth interviews showed synergy with the existing literature. According to Slater and Narver(1999), market oriented firms seek to understand customers' expressed and latent needs, and develop superior solutions to those needs; among the capabilities, market orientation emphasizes most clearly the need for an organization's culture to built around its customers. The mobile industry is highly regional and product specific because of industry standards and regulations(Anwar, 2003).

Cultural distance has an impact on entry mode choice, only if the choice of entry is not a Greenfield investment. As discussed in the literature in chapter two, the costs of transferring business practices Greenfield subsidiaries will hardly increase with cultural distance, because multinational enterprises can provide such subsidiaries with brand new employees who are not used to any business practices and therefore, more willing to accept those of the multinational enterprise.

Globacom's success in Africa is attributed to the cultural sensitivities that the company takes tremendous effort in trying to understand; the executives stated that the business is not about margins but about people. As such, management at Globacom was resolute that no single unit would be patronizing to another, that there would be a real transfer of skills with local people employed, and that there was zero- tolerance towards ethnocentric behavior(Respondent 3,male,age 34: April 20,2011).According to respondent 9(male, age 33:April 20,2011) Globacom concentrates on life-improving, social upliftment programmes in all the regions it has penetrated, for instance, in Nigeria and Ghana, the company has distinguished itself in the areas of sport sponsorship as a part of its social upliftment programmes through sponsorship of the Nigerian and Ghanaian premier football league (www.gloworld.com/sponsor_sport.asp); also in 2010, it was given the award as the most socially responsible company by Nigeria Capital Development Fund(NCDF) for its commitment in developing innovative products and poverty reductions schemes that have helped in promoting social and economic development of less privileged Nigerians over the years(www.pmnewsnigeria.com/2010/10/06/glo-wins-national-economic-development-award).

Furthermore, each African operation had a Mike Adenuga foundation, a charity organization owned by Globacom which supports various social development programmes of importance to that particular country (www.mikeadenugafoundation.org). Hence, the Glo brand has enjoyed a lot of loyalty and respect for its social commitments. Community buy-in for Globacom is of utmost importance.”In the rural areas in Nigeria, we learnt that community buy-in reduced vandalism, minimized theft of equipment and ensured the safety of Globacom’s engineers” (Respondent 12,male,age 30: April 20,2011). Globacom consulted with the local organizations, community forums and even village elders to seek for their advice and support(Respondent 12,female,age 30: April 20,2011).

In addition, instead of utilizing a single business model and incorporating local market conditions into it, Globacom utilized local market conditions to define its business model which was different in each African operation, this allowed the company to localize its products and services(Respondent 8,female,age 30: April 20,2011).

According to respondent 13(male, age 34: April 20,2011),Entrepreneurial proclivity which is evident in Globacom’s ownership and management teams had a direct impact on the firm’s organizational culture which encouraged a global mindset characterized by openness to, and an acknowledgement of cultural diversity and markets. Expatriate staff was chosen on their eagerness to reside and travel in Africa and were given required training about the local cultures before going to those countries; hence, Globacom’s strength is found in its diversity(respondent 13,male, age 34: April 20,2011).

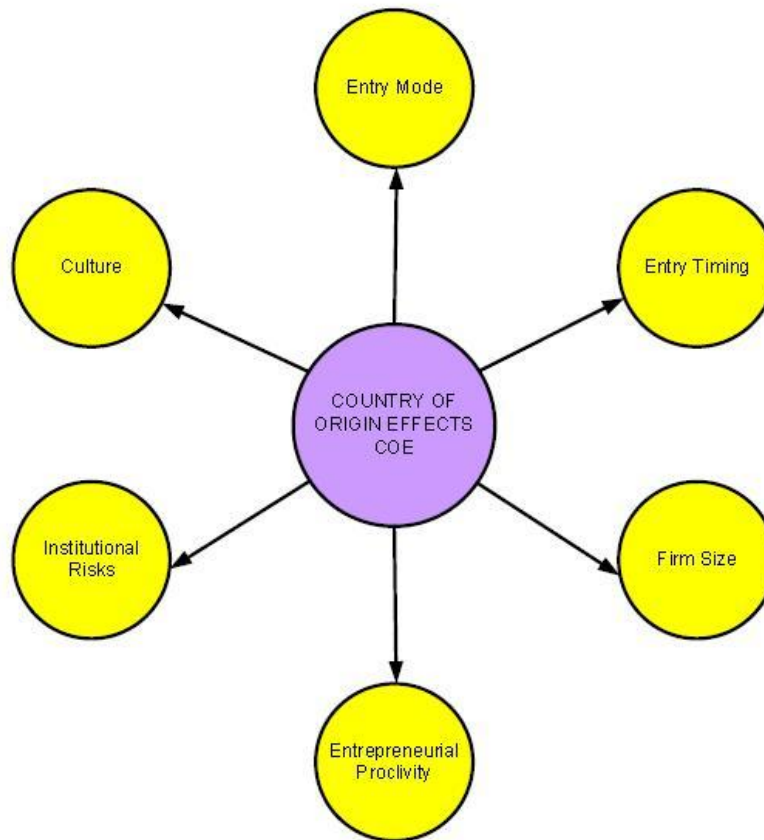
5.7.2 Summarized findings for research question six

Quoting from one of the interviewees: ‘The clearness of the group’s vision came from getting ready for the unknown’(respondent 13,male, age 34: April 20,2011. The conditions that have precipitated Globacom’s successive entry into cultural unique and diverse countries included localized knowledge, entrepreneurial mindsets mindful of the cultural differences of each country, product and service localization, symbiotic relationships with consumers and community support through social development programmes. Thus, the research objective has been achieved and adds to the existing body of knowledge on the effect of cultural distance on internationalization

5.8 Country of Origin effects

The results discovered from all the cognitive maps presented above prove that there is a direct relationship between each of the measured constructs (entry mode, entry timing, firm size entrepreneurial proclivity, institutional risks and culture) and the country of origin effects construct. This shows that Globacom built up its firm specific advantages in Nigeria which aided its expansion into the international market. Globacom exploited on its potentials which were developed and groomed in its home market

Figure 5.8: Country of origin effects



Source: field work,2011

5.8.1 Discussion and analysis of findings on Country of Origin effects

According to the literature review on chapter 2, the components of country of origin effects are cultural values and institutional norms, economic and physical resources, and the government 's economic and industrial policies. The cultural and institutional norms of a country and society has great impacts on a firm's strategy formulation. As stated earlier, entrepreneurial proclivity encourages a mindset that is mindful of, and open to learning from different cultures. Globacom's history of dealing with and learning from different cultures in Nigeria allowed it to do the same in Africa on a bigger and more sophisticated scale. As the first indigenous multinational company from Nigeria to enter the world stage, Globacom has benefitted from the international respect which Nigeria has, due to the abundant human and natural resources available there(respondent 2,male, age 33: April 20,2011).

Economic and physical resources are national capabilities that differ across countries, according to Respondent 7 (male, age 33: April 20, 2011), "the Nigerian government allowed Globacom to experiment with the new GSM technology, with the outcome being that the company developed highly technical skills and rapid network roll out in rural and urban areas with little or no infrastructure, but which were all economically viable". In Nigeria, Globacom discovered that by penetrating into the rural areas first, it gave the company the first-mover advantages by signing up majority of the people as subscribers. The latent demand for mobile telephony in Nigeria was a predictor of demand in Africa. As a small, high technology start-up, Globacom did not possess the luxury of an established global player as its partner; hence, Globacom had to be intellectually self-reliant. This meant that there was no inhibiting factors and the company could experiment with innovation. The outcome was that Globacom became the first telecommunication company in Nigeria to launch the per second billing and crashed the prices of sim cards.

(www.icttodayonline.com/ICTToday_September_2008/anniversary.htm).

The ability to capitalize on the prepaid market was driven by the realization that there was existing a large cash based society, specifically the informal trading sectors in Nigeria who did not have access to bank accounts. The prepaid service also protected Globacom from credit frauds which was a major factor precipitating Globacom's expansion into other African markets. (respondent 6, male, age 31: April 20, 2011). As has been stated, Globacom passed through several political and regulatory issues prior to its inception in Nigeria. Through this, the company developed the required expertise and resilience to be able to work around institutional voids in other African countries. The outcomes show that Globacom traded on capabilities and skills developed and tested within domestic markets which gave rise to country of origin effects in terms of a unique and sustainable brand advantage. Research questions 2 to 6 fully covers this section.

Figure 5.8.1: Globacom's prepaid market



Source: www.itnewsafrika.com/2011/02/globacom-launches-prepaid-3g-plus-services-in-nigeria/

5.9 CONTENT ANALYSIS

Table 5.9.1:Content Analysis for research Question one

Cumulative results for research question one: How has the degree of control influenced the internationalization process of Globacom Nigeria when entering international markets?		
Rank	Response	Total counts(respondents no.)
1	The Glo trademark is not exchangeable, thus the inclination to Greenfield investments.	14
2	The strength of Globacom lies in operating uniquely using the Glo way and also,	12
	Through Greenfield investments, Globacom is able to determine the business culture. It sets the foundation on how Globacom would conduct its business in the country. Globacom incurs a lot of cost advantage by building and maintaining its own network.	12
	Availability of Greenfield licenses.	11
3	Cost advantage connected with rolling, operating and managing your own network.	9
4	Greenfield investments are easier to control	8

5	Even in Nigeria, Globacom has a history of wanting to own the complete value chain, as its expertise was built based on having full control	6
6	Globacom did not have the necessary support structure to allow for takeovers	4
7	Greenfields ensured a longer term investment	2

Source: field work,2011

Table 5.9.1 shows the cumulative responses for research question one: How has the degree of control influenced the internationalization of Globacom Nigerian when entering international markets. This research question is connected to interview guides 4 and 8. The responses given by the respondents show that success in going into emerging markets increases with degree of control and is characterized by 3 features which are the cost culture and control. These 3 features are indicated in responses between rank 1 to 5 which have 6 to 14 respondents supporting those 3 features.

Table 5.9.2: Content analysis for research question two

Cumulative results for research question two: How has the early entry of Globacom Nigeria into the international market affected its chances of success in internationalization?		
Rank	Response	Total counts(respondents no.)
1	Forecast proves that the Nigerian market was entering saturation point due to the presence of other competing telecommunication companies in the market, so therefore, the need to internationalize for growth.	15

2	Absence of huge competitors in west Africa and Africa, was a motivation for early internationalization. Globacom developed its proficiency in Nigeria in speedy rollout in rural areas which were transferable to Africa	13
3	In expanding into international markets early, Globacom could benefit from Government concessions and benefits, and also create its own consumer behavior concept, whilst developing the market, thus creating entry barriers of its own.	11
4	High demand for telecommunication services in Nigeria, was a sign of the hidden demand in Africa, which proves that if we can get in early enough, we can rule the market in any country, we operate in.	10
5	By virtue of the early mover advantage, we attained in Nigeria in the rural areas, we were able to obtain tremendous brand loyalty from customers, just because we entered their village first.	9
6	Globacom was equipped with unique visionary leaders, who were constantly seeking for the next growth level.	7

Source: fieldwork,2011

Table 5.9.2 shows the cumulative responses for research question 2: How has the early entry of Globacom Nigeria into the international market affected its chances of internationalization. This research question is connected to cumulative responses gotten from interview guides 5 and 10 and sustained by interview guides 9 and 11. The responses of the respondents ranked from 1 to 6 signifies that Globacom has an affinity towards entry into foreign markets with lesser degree of competition at an early stage.

Table 5.9.3: Content Analysis for Research Question three

Cumulative results for research question three: How has the size of Globacom Nigeria affected its internationalization process?		
Rank	Response	Total counts(respondents no.)
1	As a small company, Globacom was imbued with a very competitive spirit, as innovation and experimentation were emphasized from the very beginning.	15
2	Due to its small size, there is a lot of flexibility in our business initiatives, and this translates into using unique, innovative and different solutions to solve problems.	14
3	There was no restraining factors to its internationalization process, due to its intellectual self reliance.	12
4	Globacom has a vibrant and hardworking executives who embraces business ideas and growth plans without the analysis-paralysis.	11

Source: fieldwork,2011

Table 5.9.3 shows the cumulative responses for research question 3: How has the size of Globacom Nigeria affected its internationalization process. The results attained for this research question relates to responses from interview guides 5 and supported by interview guides 4 and 10. The cumulative responses ranked from 1 to 4 show that Globacom didn't attach any importance to its small size as an obstacle to its internationalization process; rather from the responses, their small size was seen as a sign of strength during the internationalization process.

Table 5.9.4: Content Analysis for Research Question four

Cumulative results for research Question four: How has Entrepreneurial proclivity affected the strategies of internationalization in Globacom Nigeria?		
Rank	Response	Total counts(respondents no.)
1	Trailblazers, seeker, revolutionaries, self starters 'conquer the world', these are some of the words people associate with teams that actively sought new licenses in Africa.	14
2	Globacom Executive officers are considered international citizens, having resided and worked in different parts of the world. They are highly knowledgeable about the different cultures and languages	13
3	The Executive team instilled the attitude and cultures of breaking into new grounds and bringing innovations into the industry.	11
4	Executive members were tactically utilized to maneuver over any risks and problems that could have arisen during Globacom's internationalization into Africa.	10

5	Preparing and being ready for the unknown gives precision to Globacom's vision.	7
6	There were no issues based on presumptions on how to run a business.	5

Source:fieldwork,2011

Table 5.9.4 shows the cumulative responses for research question 4: How has entrepreneurial proclivity affected Globacom Nigeria's internationalization strategies. Here, there are responses from the respondents' level of education by utilizing guides three, and also responses on if they have resided or worked in other parts of the world. The cumulative responses ranked from 1 to 6 shows that they have the distinctive position of having both entrepreneurial ownership and entrepreneurial business managers who had the belief that expansion into high risk prone areas in Africa was just a natural development in their industry

Table 5.9.5: Content Analysis for Research Question Five

Cumulative results for research question five: How has institutional development affected Globacom Nigeria's internationalization strategies which are utilized within the framework of an emerging market?		
Rank	Response	Total Counts(respondents no.)
1	Globacom viewed the African business climate risks differently from how other people viewed it. There was always an Eurocentric based view of how risky it is to do business in Africa, and this included Nigeria.	15
2	Due to closeness in culture, geography and history, emerging market multinationals prefer other	15

	emerging markets, when expanding and internationalizing.	
2	Where others saw uncertainty and high risks, we saw opportunities and certainties, all because we had the experience of dealing with the unstable political situation in Nigeria and dealing with issues relating to unstable regulatory policies, and issues dealing with inadequate infrastructures.	14
3	Globacom depended on its executive officers and owners with political connections who aided the company in by passing institutional gaps.	12
4	There was a reduction in political risk because many governments discovered they were giving access to active voters	11
5	GSM is a mass market technology which decreased operational hazards	10

Source:fieldwork,2011

Table 5.9.5, shows the cumulative responses for research question 5: How has institutional development affected Globacom Nigeria's internationalization strategies which are utilized within the framework of an emerging market? The results attained for research question five is concerned with the cumulative responses gathered from interview guide seven and supported by interview guide six. The cumulative responses ranked 1 to 5 shown in the table above indicates that Globacom did build up exceptional strategies to by-pass institutional voids

Table 5.9.6: Content Analysis for Research Question six

Cumulative results for research Question six: How has cultural distance affected Globacom Nigeria's internationalization process?		
Rank	Response	Total counts(respondents no.)
1	Multinationals from emerging markets naturally turn to other emerging markets for expansion because of the closeness in history, culture and geography	15
2	Globacom's social responsibility and life development activities in each African country it operates in, leads to community patronage and loyalty by customers to its brand	13
3	Globacom is mindful of the fact that cultures are distinctive in the African countries where it operates, as the company executive officials move round themselves to study the cultural differences and impacts instead of employing other third parties to do the research.	12
4	Globacom's management maintains zero tolerance for activities related to ethnocentrism and also, the expatriate staff is sent on all-embracing training so as to get them acquainted with the local cultures and the languages.	11
5	Battle in beliefs between the east and west is also considered in	10

	<p>Globacom's business operations. For instance, contracting firms are hired for projects based on the similarities of the firm's cultures to the country where the project is to be executed.</p>	
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Source:fieldwork,2011

Table 5.9.6 shows the cumulative responses for research question six: How has cultural distance affected Globacom Nigeria's internationalization process? The results collected for research question six is concerned with the cumulative responses assessed from interview guide twelve and supported by interview guides nine and eleven. The cumulative responses ranked 1 to 5 indicate that Globacom was highly mindful of the cultural differences in every African country it expanded into because that factor had a significant influence on its internationalization process.

5.10 SAMPLE PROFILING STATISTICS

Figure 5.10.1: Respondent Age and Profiling Status

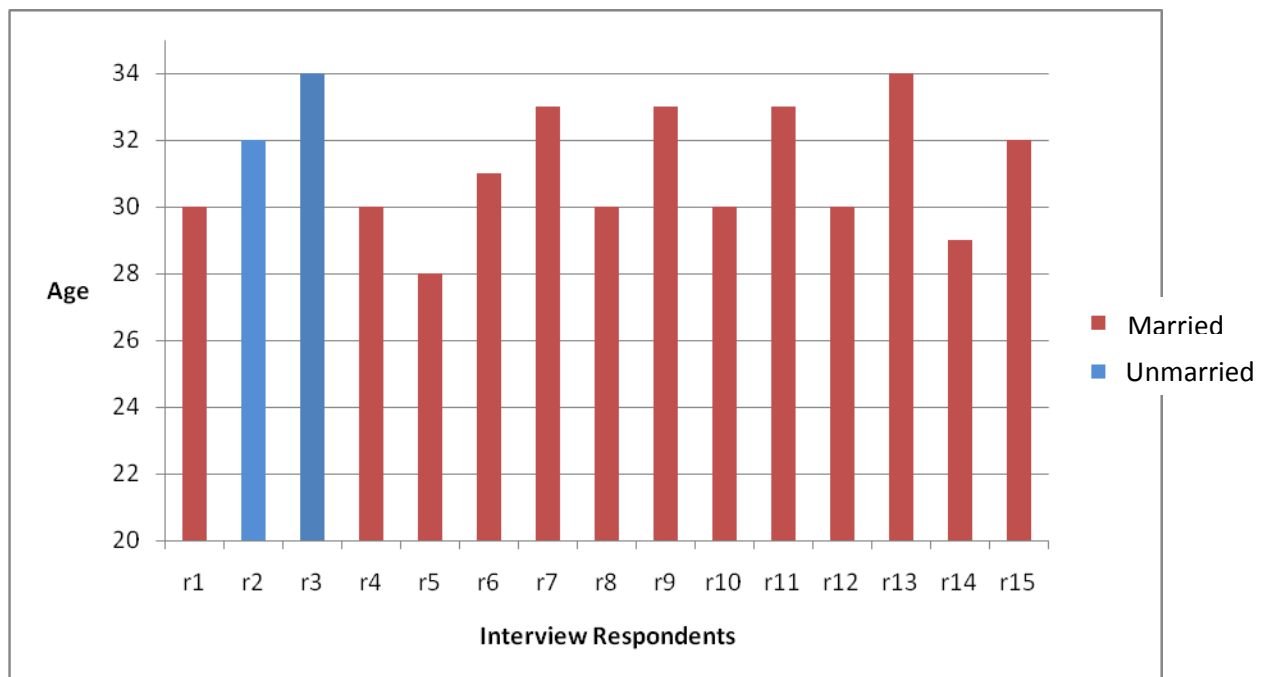


Figure 5.10.1 shows a bar chart for the respondents age and profiling status. The average age of the respondents was found to be 31.3 years old. Of the 15 respondents, only two were unmarried.

Figure 5.10.2: Degree of International orientation for Respondents

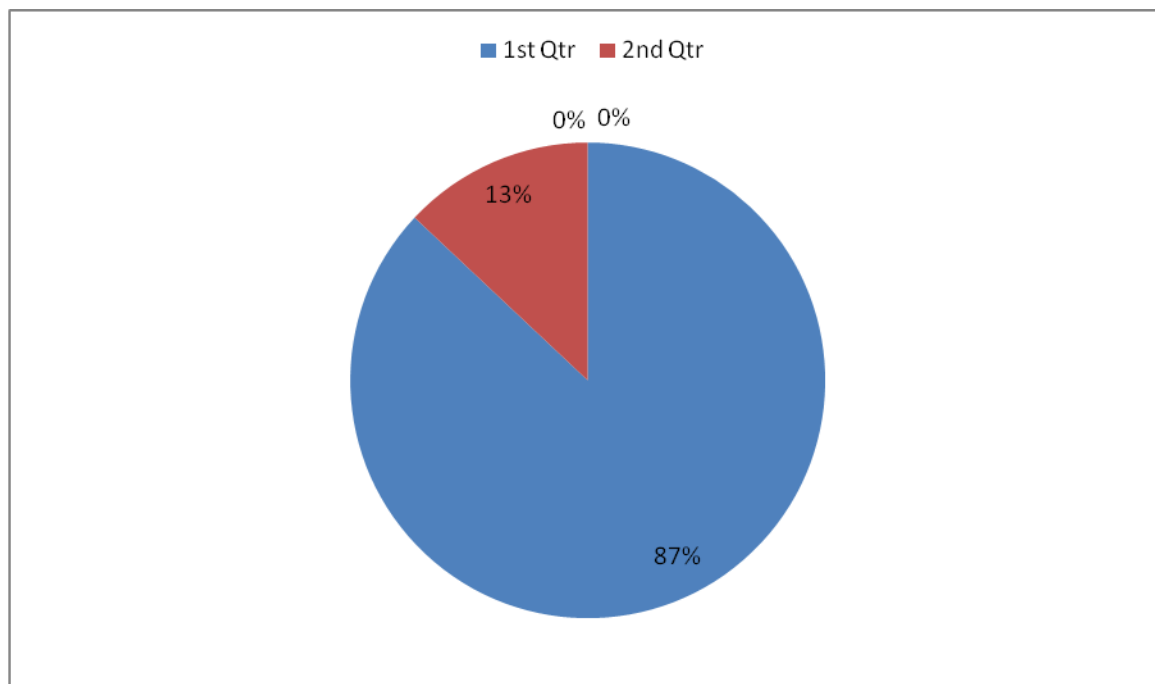


Figure 5.10.2 is a pie chart used to indicate the degree or level of international orientation or exposure of the respondents interviewed. The 1st quarter indicates the percentage of respondents with international experience and it indicates that 87% of the respondents had resided, worked and studied abroad.

The 2nd quarter indicates the percentage of respondents without any international experience and it indicates that only 13% of the respondents had never resided, worked and studied abroad.

Figure 5.10.3: Previous Work Experience

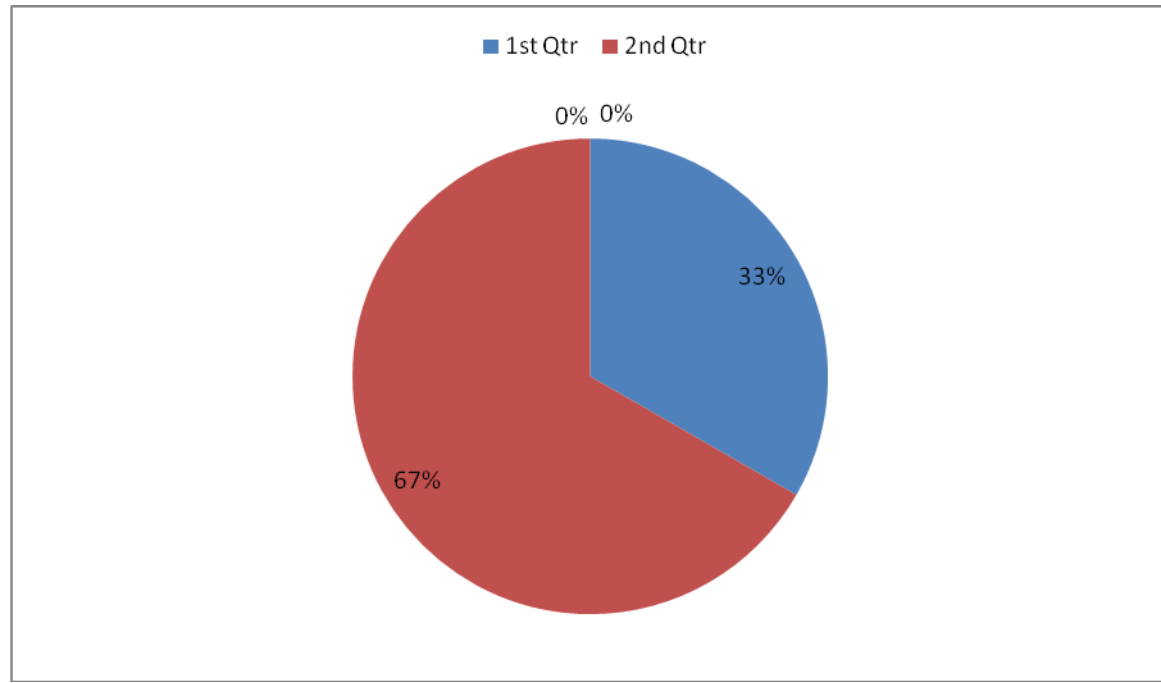


Figure 5.10.3 is a pie chart used to indicate the degree of respondents interviewed who have or did not have any previous work experience. The 1st quarter indicates that 33% of the respondents previously worked for other companies and therefore have previous work experience.

The 2nd quarter indicates that 67% of the respondents did not have previous work experience as their first job was with Globacom.

Figure 5.10.4: Foreign Language skills

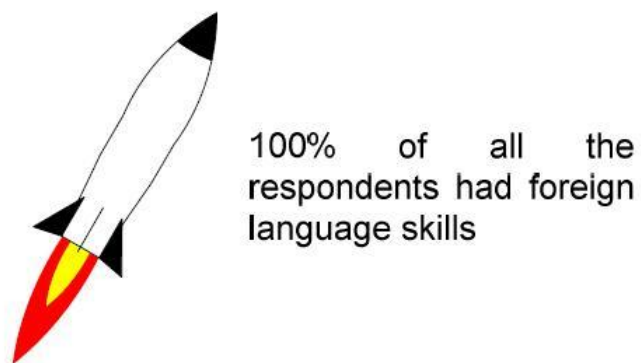


Figure 5.10.4 indicates that all interview respondents possess some degree of foreign language abilities and skills, and this turned out to be of huge benefits to Globacom during the course of its internationalization.

5.11 CONCLUSION

The results gotten from the six research questions in chapter 3 have produced accumulated results of importance. The results revealed that there has been a very minimal support for existing literature on internationalization of emerging market multinationals. The results shows that there is a need for more research to be done on sector specific studies of fast internationalizing emerging market multinationals.

These results are also analyzed and discussed in a much detailed perspective. The theoretical structure of rapid internationalization of emerging market multinationals in the telecommunications sector, as introduced in chapter 2, portrays a model of internationalization in which entrepreneurial (key decision-makers profile and experience, and shareholding influence), internal (company size, entry timing and entry mode), and external (market, industry and culture) constructs controls a firm's internationalization and processes concurrently. The results gotten from this chapter, altogether gives an explanation for the unique factors which motivates the fast internationalization of emerging market multinationals in the telecommunications sector.

Finally, this study contributes to the literature on international business expansion and strategy research by connecting entrepreneurial proclivity to entry mode, entry timing, the fast pace of internationalization that is comparative to born global firms, firm size and the required intellect and sensitivity to deal with cultural remoteness. These findings and analysis also show that country of origin effects play a dynamic role in aiding firms to work around institutional voids. These findings are relevant more so, because it was researched within an emerging market context and hence challenges the existing stereotypes in literatures on emerging market multinationals that they are naturally weak, their advantages are derived from conventional cost savings and are labor intensive, often lacking the capability to compete internationally and if they do, then they follow an incremental process.

CHAPTER 7: CONCLUSION

7.1 Introduction

In this chapter, there has been a brief description of the conceptual framework of the fast paced internationalization of emerging market multinationals in the telecommunication sector in terms of the findings. Recommendations based directly on the findings are presented for the management of Globacom and then the chapter is concluded with recommendations for future research. The objective of this research work is to establish the factors that have contributed to Globacom's internationalization strategy on the African continent. These factors are listed and reviewed below.

7.2 Synthesis of the research data

This research report merges prior, recent and established academic literature which has been combined with the research findings to put together a framework that is more suitable for the explanation of the fast paced internationalization of the emerging market multinationals in the telecommunications sector. The framework consists of the micro and macro level variables portraying the:

- Entry mode
- Entry timing and pace of internationalization
- Firm size
- Entrepreneurial proclivity
- Institutional development
- Culture
- Country of origin effects

These portrayals connect back directly to the six research questions presented in chapter three.

The research findings presented in chapter six are relatively conflicting with the present literature on internationalization, international business and emerging markets. Nevertheless, this research

work has several findings towards the bigger theory in several ways. The first finding is taken from the entry mode construct:

- Unlike other first world multinationals that increased the costs associated with increase in control, Globacom reduced their cost and maximized their leadership by creating unique and novel ways of using control.
- Sustaining control enables complete accountability and strict observance of the highest code of control; Globacom would not compromise on its ethic or try to compromise the Government agencies.
- The Globacom brand is non-negotiable.

The second finding is connected with the entry timing and pace of internationalization. Globacom is referred to as a born global firm and this enviable status was accomplished through the creative instincts of its owners and managers, who specifically penetrated countries and areas that had an absence of considerable levels of competition. This was as a result of economic of scale being achieved through a larger network which allows Globacom to serve the masses better. Finally, country of origin effects has allowed Globacom to creatively proffer solutions to specific locations.

The third finding is linked to firm size. There was a revelation during the analysis of Globacom's internationalization strategy and its firm size that youth and inadequate experience, as well as dearth of human, financial and material resources are no longer stumbling blocks to the large range internationalization and international success of a firm.

The fourth finding of this research study is concerned with entrepreneurial proclivity which is manifested in both Globacom's ownership and management teams, and has a direct impact on the firm's organizational culture which encourages a global attitude characterized by openness to and an acknowledgement of the diversity of cultures and markets.

Most importantly, it is discovered that entry mode, entry mode, entry timing and the fast pace of internationalization are direct outcomes of entrepreneurial proclivity.

The fifth finding of this research study is concerned with the institutional development within emerging markets. It was discovered that the Globacom's African expansion project was an opportunistic effort to obtain the benefits from newly liberalized governments and deregulations in telecommunications foreign direct investments. Nevertheless, part of the African success is caused by over-regulation which took place in some markets. This confirms that the telecommunications sector fares better in a conducive environment of protected deregulation and state interference. In addition, Globacom did not believe in the Eurocentric view of risk that the western world had of Africa. With an influential ownership and management, and an adherence to the highest standards of governance, risk was reduced through a down to business management and local partner relationships.

The sixth finding of this research work is connected with cultural distance. The conditions that have effected Globacom successful expansion into culturally diverse countries consists of super-local knowledge, entrepreneurial attitudes mindful of the cultural nuances each country, product and service localization, symbolic relationships with consumers and community assistance through social development programmes.

Now, the last finding of this research report is concerned with country of origin effects and the results show that Globacom exploited capabilities and skills which were developed and experimented in domestic markets to produce a unique and sustainable product brand.

Finally, my personal contribution to this research work is that I have added to the few existing literature on internationalization process of emerging market multinationals by investigating the internationalization process of an emerging market multinational(Globacom) from an emerging market(Nigeria).

7.3 Implications for Globacom

This research report has emphasized Globacom's unique strengths which it developed in the areas of Greenfield investments while following up its international expansion in emerging markets. However, as the accessibility of such Greenfield telecommunication license becomes increasingly scarce, it then implies that Globacom build further inimitable strengths and explore other areas of growth. Nonetheless, the story of Globacom is without doubt, a true African success story.

7.4 Recommendations for further research

It is now clear that more research efforts in theory development, measurements and practice are needed so as to develop a body of literature and school of thought, relative to other first world country multinationals, this would enable the study of internationalization of emerging market multinationals in specific sectors to gain momentum. Furthermore, with the intent of encouraging further research, the conceptual framework has been presented with the belief that the examined micro and macro level forces guiding a firm's fast internationalization in an emerging market perspective will be pragmatically tested; also, justification of the findings of this study can be ensured through more vigorous quantitative research of the constructs that were mentioned and reproduced in comparable industries like airlines and banking, in order to explore their generalisability.

In addition, more research could gain from investigations into the degree of internationalization of emerging market multinationals and its effects on the performance of the firm. Emerging markets are known to be high growth markets, but is it rational when an emerging market firm's degree of internationalization negatively affects firm performance?

Finally, the ever increasing rate of internationalization and the 'born global' phenomenon requires richer and deeper measures of internationalization rate as a time-based evaluation of entrepreneurial proclivity, ex-ante and post-hoc internationalization. This research study concentrated on these constructs based on ex-ante internationalization.

7.5 Conclusion

This study has contributed to the literatures on international business expansion and strategy research by connecting entrepreneurial proclivity to entry mode, entry timing, the fast pace of internationalization that is common with born global firms, firm size and the required intelligence and sensitivity to handle cultural distance. These findings also show that country of origin effects play a vibrant role in emerging market multinationals pragmatic approach to risk, for instance emerging market multinationals have often experienced situations of political instability, infrastructural restrictions and interventionist government policies in their home countries with the outcome being that they are able to internationalize with a greater level of risk,

simply because they observe risk differently. Finally, the theoretical structure of fast paced internationalization of emerging market multinationals in the telecommunication sector offers an integrated structure for a new area of study(internationalization in telecommunication sector) and gives ideas into the factors most likely to influence an emerging market multinational's internationalization strategy.

Figure 7.5: Dr Mike Adenuga, the founder of Globacom group



Source: www.worldstagegroup.com/truecolour/media/416562259.jpeg

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APPENDIX 1

Interview guide

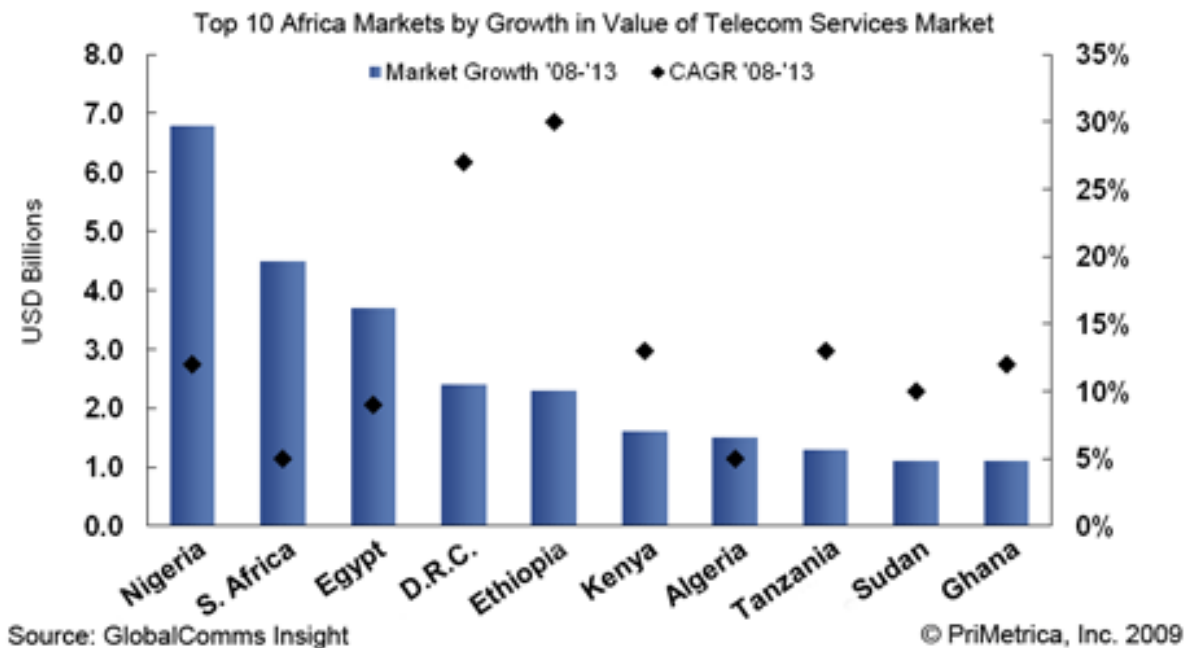
1. Please specify the industrial sector in which your company operates
2. Please review Globacom when it launched its operations in Nigeria in 2003
.....
3. What work experience did you acquire before you joined Globacom?
4. What do you identify as the primary stimulators of Globacom Nigeria's internationalization and expansion?
5. Why was internationalization and expansion considered at that early stage?
.....
6. Why choose Africa as your first continent of internationalization and expansion?
.....
7. How did Globacom handle the various economic and political risks linked with conducting business in Africa?
8. Why did Globacom choose Greenfields investment particularly in Africa?
.....
9. What was the state of mind of the team members and decision makers on Globacom's expansion project?
10. How did Globacom forecast the large and concealed demand for cellular telecommunication in Africa?
11. What forms of organizational structure was adopted by Globacom to promote and execute its expansion in Africa?
12. How did Globacom overcome the different cultural backgrounds of the different African countries in which it operates?

APPENDIX 2

ICT STATISTICS IN AFRICA

Africa tops telecoms market growth through 2013

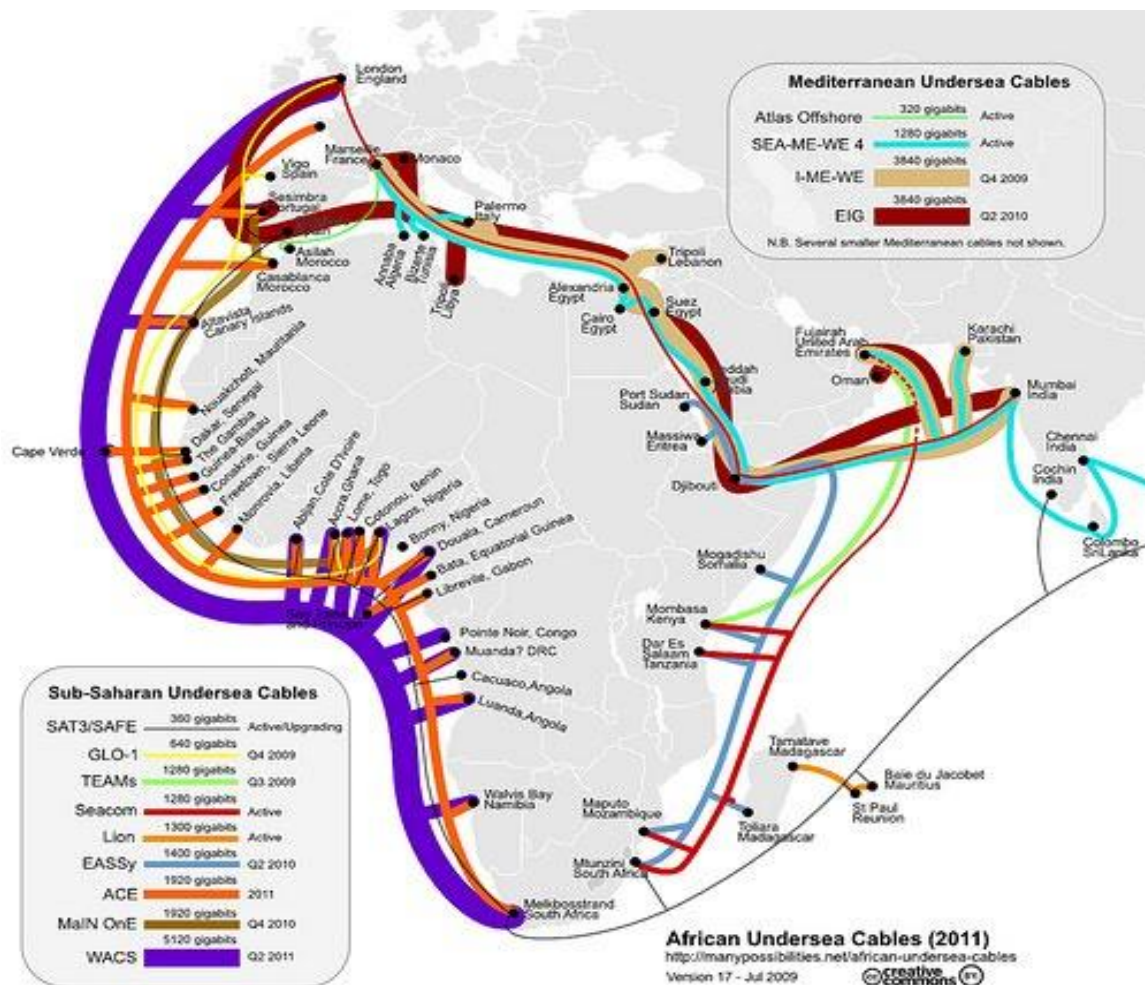
- Total African telecoms market to grow by >USD40 billion by 2013
- Low service penetration rates will allow for growth beyond five year period



APPENDIX 3

GLOBACOM's GLO 1 SUBMARINE CABLE

Glo 1 is a brand new cable system built with cutting edge technology backed by the rich expertise of Globacom, having existing operations in four African countries. Glo 1 has landing stations in 16 West African countries, giving complete coverage and reach to the geography of Western Africa. Our experience and expertise in diversified telecom operations and with the last mile reach and coverage creates an extra value for the customers of Glo 1. The cable system provides bandwidth to all telecom operators, carriers and corporations, connecting them through our Global partnerships to all the major destinations in the world (www.gloworld.com/glo1.asp).



Source: www.gloworld.com/glo1.asp